ARDOVA PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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Corporate Information

Ardova Plc (the Company) is a leading indigenous, integrated energy company in Nigeria involved in the marketing of petroleum products.

The Company operates a network of over 450 retail outlets spread across the Country with major petroleum storage installations at both Apapa (Lagos State) and Onne (Rivers State). Ardova Plc also provides aircraft refueling operations at its Aviation Joint User's hydrants in Ikeja and Joint Aviation depots in Abuja, Port Harcourt and Kano making the Company one of Nigeria's leading providers of aviation fuel for local and international airlines. The Company also procures and markets Liquefied Petroleum Gas.

The Company manufactures and distributes a wide range of quality lubricants, which include Super V, Visco 2000, Diesel Motor Oil from its lubricating oil blending plant at its Apapa terminal in Lagos. The Company is also the sole authorised distributor of the Texaco branded Havoline Engine Oils and Lubricants for the Nigerian market.

In addition to its strategic retail and commercial network in Nigeria, Ardova Plc has embarked on providing clean energy hubs and mini-grids and renewable energy solutions through its Solar brand which distributes low cost solar power solutions to domestic customers.

On 11 March 2020, Ardova Plc incorporated a wholly owned subsidiary, Axles and Cartage Limited. The new subsidiary is involved in haulage and transportation. As Ardova Plc, the Company remains committed to the practice of strong corporate governance and compliance at all levels, culture of strong ethics and discipline and an enhanced safety, health and sustainability policies.

Board of Directors

AbdulWasiu O. Sowami	-	Chairman
Olumide Adeosun	-	Chief Executive Officer
Moshood Olajide	-	Executive Director, Finance & Risk Management
Mohammed Aminu Umar	-	Non-Executive Director
Olusola Adeeyo	-	Independent Non-Executive Director
Aniola Durosinmi-Etti	-	Independent Non-Executive Director

Ag. Company Secretary/General Counsel
Oladeinde Nelson-Cole

Registered Office
1, AP/Conoil Road, Ijora, Lagos

Registrars and Transfer Office
Veritas Registrars Limited
Plot 89A, Ajose Adeogun Street, Victoria Island, Lagos

Auditors
Deloitte and Touche
Civic Towers, Plot GA1, Ozumba Mbadiwe Road Victoria Island Lagos

Principal Bankers
First Bank of Nigeria Limited
Guaranty Trust Bank Plc
Keystone Bank Limited
Union Bank Plc
Stanbic IBTC Bank Plc
Zenith International Bank Plc

Financial highlights

	Group	Company	
	31-Dec-20	**31-Dec-20**	31-Dec-19
	₦'000	₦'000	₦'000
Revenue	181,938,679	181,664,468	176,550,766
Cost of sales	(169,808,131)	(169,557,638)	(165,269,049)
Gross profit	**12,130,548**	**12,106,830**	**11,281,717**
Profit before income tax	2,905,489	3,199,188	4,654,147
Income tax expense	(1,047,520)	(1,135,754)	(739,007)
Profit after tax	**1,857,969**	**2,063,434**	**3,915,140**
Total assets	64,846,460	62,442,701	47,018,954
Retained earnings	10,687,652	10,893,117	8,829,683

Directors' report

In accordance with the provisions of the Companies and Allied Matters Act, 2020, the Board of Directors of Ardova Plc ("the Company") is pleased to present its report on the affairs of the Company together with the audited financial statements and the auditor's report for the year ended 31 December 2020.

LEGAL FORM

The Company was incorporated in 1964 as British Petroleum (BP) Nigeria Limited with the marketing of BP Petroleum Products as the main focus. The Company changed from a private to public company in 1978, when 40% of the shares were sold to Nigerian citizens in compliance with the provisions of the Nigerian Enterprises Promotion Decree of 1977. On July 31, 1979, the Federal Government of Nigeria (FGN) acquired 60% share capital held originally by BP, for the Nigerian National Petroleum Corporation (NNPC). This step transformed the Company into an entirely Nigerian concern necessitating the subsequent change of name to African Petroleum Plc (AP) in 1979.

In March 1989, FGN sold 20% of its shareholding to the Nigerian public, thus making AP the first public company privatized under the Privatization and Commercialization Policy. The FGN, under its privatization programme in year 2000 divested its remaining 40% shareholding in AP, thus making AP a privately owned Company, with over 153,000 shareholders.

In 2007, the Company was acquired by a majority shareholder, Zenon Petroleum and Gas Limited which led to the change of name from AP to Forte Oil Plc.

In June 2019, Ignite Investments and Commodities Limited became the majority shareholder in the Company after the former majority shareholder disposed of his shares in the Company. This led to the change of name from Forte Oil Plc to Ardova Plc in February 2020.

PRINCIPAL ACTIVITY

Ardova Plc is a Nigerian leading indigenous and integrated energy company involved in the distribution of petroleum products with a strong presence in the thirty-six (36) States of Nigeria and the Federal Capital Territory, Abuja. The Company procures and markets petroleum products which include Premium Motor Spirit (PMS), Automotive Gas Oil (AGO), Dual Purpose Kerosene (DPK), Fuel Oils, Liquefied Petroleum Gas (LPG) and Aviation Turbine Kerosene (ATK) amongst others. The Company manufactures and distributes a wide range of lubricants foremost amongst them are the SUPER V and VISCO 2000 brands and has also obtained rights for the distribution of Shell Trading International Limited's lubricants.

Further, the Company develops clean energy hubs and mini-grids and also provides renewable energy solutions through its Solar brand which distributes low-cost solar power solutions to domestic customers.

OPERATING RESULTS:

The following is a summary of the Company's operating results for the year ended 31 December, 2020:

	COMPANY	**GROUP**
	₦'000	**₦'000**
Profit before income tax	3,199,188	2,905,489
Income tax expense	1,135,754	1,047,520
Profit after tax	2,063,434	1,857,969
Total Comprehensive income for the period	2,063,434	1,857,969
Retained earnings, beginning of the year	8,829,683	8,829,683
Retained earnings, end of the year	10,893,117	10,687,652
Earnings per share basic	1.58	1.42

Directors' report (cont'd)

DIVIDEND
The Board of Directors, pursuant to the powers vested in it by the provisions of the Companies and Allied Matters Act, proposed a final dividend of N0.19 per share from the retained earnings account as at 31 December, 2020. This will be presented for ratification to the shareholders at the next Annual General Meeting.

PROPERTY, PLANT AND EQUIPMENT
Information relating to changes in property, plants and equipment during the year is given in Note 13 to the financial statements.

DIRECTORS
The names of the Directors as at the date of this report and those who held office during the year are as follows:

AbdulWasiu O. Sowami	Appointed on 20 June, 2019
Olumide Adeosun	Appointed on 20 June, 2019
Moshood Olajide	Appointed on 20 June, 2019
Mohammed Aminu Umar	Appointed on 20 June, 2019
Olusola Adeeyo	Appointed on 20 June, 2019
Aniola Durosinmi-Etti	Appointed on 20 June, 2019

DIVERSITY ON THE BOARD
Ardova Plc is committed to diversity in all aspects of its business and at all levels, including its Board of Directors. The Board of Directors support the election and appointment of diverse candidates to the Board which include gender, race, and ethnicity, along with varied skills and experiences which contributes to a balanced and effective Board.

We believe the benefit of having a diverse Board is an essential element in maintaining a competitive advantage.

DIRECTORS INTERESTS
The Directors of the Company who held office during the year together with their direct and indirect interest in the share capital of the Company were as follows:

NAME	DIRECT HOLDING 31/12/20	INDIRECT HOLDING 31/12/20	DIRECT HOLDING 31/12/19	INDIRECT HOLDING 31/12/19
ABDULWASIU O. SOWAMI	NIL	970,666,694	NIL	970,666,694
OLUMIDE ADEOSUN	NIL	NIL	NIL	NIL
MOSHOOD OLAJIDE	NIL	NIL	NIL	NIL
MOHAMMED AMINU UMAR	NIL	NIL	NIL	NIL
OLUSOLA ADEEYO	NIL	NIL	NIL	NIL
ANIOLA DUROSINMI-ETTI	NIL	NIL	NIL	NIL

Directors' report (cont'd)

CONTRACTS
For the purpose of Section 303 of Companies and Allied Matters Act of Nigeria, (CAMA), all contracts with related parties during the year were conducted at arm's length. Information relating to related party transactions are contained in Note 34 to the financial statements.

ACQUISITION OF SHARES
The Company did not purchase any of its own shares during the year.

SHARE OPTIONS SCHEME
The Directors did not partake in any share option scheme during the year under review.

MAJOR SHAREHOLDING
According to the Register of Members, the shareholders under-mentioned held more than 5% of the issued share capital of the Company as at 31 December 2020:

	No. of Shares	% Holding
IGNITE INVESTMENTS AND COMMODITIES LIMITED	970,666,694	74.06

SHARE CAPITAL HISTORY

AUTHORISED CAPITAL			ISSUED AND FULLY PAID CAPITAL			
DATE	FROM	TO	DATE	FROM	TO	CONSIDERATION
	₦	₦		₦	₦	N
22/06/78	6,000,000	7,500,000	28/02/79	6,000,000	7,500,000	-
17/07/80	7,500,000	11,250,000	17/07/80	7,500,000	11,250,000	Bonus (1:2)
28/08/82	11,250,000	22,500,000	24/08/82	11,250,000	22,500,000	Bonus (1:1)
04/08/84	22,500,000	30,000,000	10/08/84	22,500,000	30,000,000	Bonus (1:3)
06/08/86	30,000,000	36,000,000	16/09/86	30,000,000	36,000,000	Bonus (1:5)
12/07/88	36,000,000	43,200,000	03/08/88	36,000,000	43,200,000	Bonus (2:3)
29/06/90	43,200,000	72,000,000	24/09/90	43,200,000	86,400,000	Rights Issue
29/07/93	72,000,000	86,400,000	10/01/94	72,000,000	86,400,000	Bonus (1:4)
28/11/97	86,400,000	108,000,000	28/11/99	86,400,000	108,000,000	Rights Issue
19/02/99	108,000,000	144,000,000	13/09/04	108,000,000	216,000,000	Rights Issue
15/11/02	144,000,000	5,000,000,000	25/11/04	216,000,000	234,263,450.50	-
			30/09/05	234,263,450.50	281,116,141	Bonus (1:5)
			28/10/06	281,116,141	394,393,919	Placement
			20/04/09	394,393,919	443,271,555	Rights Issue
			20/04/09	443,271,555	543,535,383	Public Offer
26/11/13	5,000,000,000	2,000,000,000	6/12/13	543,535,383	543,535,383	-
			11/07/14	543,535,383	546,095,528	Underwriting of 2008/2009 Hybrid Offer
			15/04/15	**546,095,528**	**655,314,633**	**Bonus (1:5)**

Directors' report (cont'd)

ANALYSIS OF SHAREHOLDING

The analysis of the distribution of the shares of the Company at the end of the 2020 financial year is as follows:

Range			No. of Holders	Holders %	Holders Cum.	Units	Units%	Units Cum.
1	-	1,000	132,894	81.76%	132,894	44,046,319	3.36%	44,046,319
1,001	-	10,000	26,363	16.22%	159,257	70,327,821	5.37%	114,374,140
10,001	-	50,000	2,536	1.56%	161,793	51,243,462	3.91%	165,617,602
50,001	-	100,000	365	0.22%	162,158	26,424,441	2.02%	192,042,043
100,001	-	500,000	315	0.19%	162,473	65,652,790	5.01%	257,694,833
500,001	-	1,000,000	46	0.03%	162,519	32,908,306	2.51%	290,603,139
1,000,001	-	10,000,000	17	0.01%	162,536	49,359,435	3.77%	339,962,574
10,000,001	-	100,000,000	0	0.00%	162,536	0	0.00%	339,962,574
100,000,001	-	1,310,629,268	1	0.00%	162,537	970,666,694	74.06%	1,310,629,268
Grand Total			162,537	100.00%		1,310,629,268	100.00%	

DONATIONS AND CHARITABLE GIFTS

The Company identifies with the aspirations of the community as well as the environment within which it operates and made charitable donations to the under-listed organizations amounting to ₦79,640,280.00 during the year under review. Some of these donations are listed below:

S/N	ORGANIZATION/BODY	AMOUNT (N)
1	Financial Assistance for Men African Cup 2020	4,000,000.00
2	Palliative Donation Through Been & Bliss Ltd	18,500,000.00
3	MOMAN Member Contribution Towards the Covid-19 Pandemic	50,000,000.00
4	Covid-19 Donation Ikeja Police Command	2,275,000.00
5	Solar Donations for Health Centres	2,415,280.00
6	Bronze Sponsorship Package - Five Cowries Arts Education Initiative	1,900,000.00
7	Sponsorship and Advertisement for 75TH Founder's Day Anniversary of Olivet Baptist High School, Oyo	250,000.00
		79,340,280.00

DISCLOSURES

- **Borrowing and Maturity Dates**
  The details of the borrowings and maturity dates are stated in Note 28 to the financial statement.

- **Risk Management and Compliance System**
  Ardova Plc has a structured enterprise risk management framework that puts in place and undertakes a thorough risk assessment of all aspects of the business. The risk assessment is based on two criteria, 'Business Impact' and 'Likelihood of Occurrence' and for every identified business risk, mitigating measures are implemented by the Company.

  The Directors are responsible for the total process of risk management as well as expressing their opinion on the effectiveness of the process. The risk management framework of the Company is integrated into the day-to-day operations of the company and provides guidelines and standards for administering the acceptance and on-going management of key risks such as operational, reputational, financial, market and compliance risk.

  The Directors are of the view that an effective internal audit function exists in the company and that risk management control and compliance systems are operating efficiently and effectively in all respects.

Directors' report (cont'd)

DISCLOSURES (CONT'D)

- **Related Party Transactions**
  The Company has contractual relationship with related companies in the ordinary course of business. The details of the outstanding amounts arising from the related party transactions are stated in Note 33 to the financial statement.

EMPLOYMENT OF PHYSICALLY CHALLENGED PERSONS

The Company is an equal opportunity employer and will not discriminate on any grounds. The Company operates a non-discriminatory policy in the consideration of applications for employment, including those received from physically challenged persons. In the event of any employee becoming disabled in the course of employment, the Company will arrange appropriate training and facilities upgrade to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. As at 31 December 2020, the Company had no disabled persons in its employment.

HEALTH, SAFETY AND WELFARE OF EMPLOYEES

It is the policy of Ardova Plc to carry out its activities in a manner that safeguards the health and safety of its workers and other stakeholders, the protection of the Company's facilities and the environment and compliance with all regulatory and industry requirements.

The Company considers health, safety and environmental issues as important as our core businesses and assume the responsibility of providing a healthy, safe and secure work environment for our employees and contractors as required by law. Our objective is to minimize the number of cases of occupational accidents, illnesses, damage to property and environmental degradation.

Our vision is to achieve leadership role in sustainable health, safety and environment practices through the establishment and implementation of effective business management principles that are consistent with local and international regulations and standards.

EMPLOYEE INVOLVEMENT AND TRAINING

The Company encourages participation of employees in arriving at decisions in respect of matters affecting their well-being. To this end, the Company provides opportunities for employees to deliberate on issues affecting the Company and employees' interests, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its human capital. Consequently, the Company sponsored its employees for various training courses in the year under review.

POST YEAR END EVENTS

All post year end events have been reviewed and considered for materiality. Appropriate adjustments, where necessary, were also made with respect to the events.

AUDITORS

In accordance with the Companies and Allied Matters Act, Messrs. Deloitte & Touche have indicated their willingness to continue in office as External Auditors of the Company. A resolution will be proposed at the Annual General meeting authorising the Directors to determine their remuneration.

BY ORDER OF THE BOARD

OLADEINDE NELSON-COLE
Ag. Company Secretary
FRC/2019/NBA/00000019918
1 AP/Conoil Road
Ijora
Lagos.

1 March, 2021.

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

The Directors of Ardova Plc accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group as at 31 December 2020, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act, and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for;

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

Going Concern:

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

Certification of financial statements

In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the

- audited consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
- audited consolidated financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements;

We state that management and directors:

- are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company and its subsidiaries]is made known to the officer by other officers of the group, particularly during the period in which the audited financial statement report is being prepared,
- have evaluated the effectiveness of the group's internal controls within 90 days prior to the date of its audited financial statements, and
- certify that the group's internal controls are effective as of that date.

Statement of Directors' responsibilities (Cont'd)

We have disclosed:

- all significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarise and report financial data, and has identified for the company's auditors any material weaknesses in internal controls, and

- whether or not, there is any fraud that involves management or other employees who have a significant role in the group's internal control; and

- as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The consolidated financial statements of the Group for the year ended 31 December 2020 were approved by the directors on 1 March 2021.

Olumide Adeosun
Managing Director/CEO

Moshood Olajide
Executive Director

Report of the Statutory Audit Committee

To the Members of Ardova Plc

In accordance with the provision of Section 404(7) of the Companies and Allied Matters Act, 2020; we, the members of the Audit Committee of Ardova Plc, having carried out our statutory functions under the Act hereby confirm that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.

In our opinion:

1. The scope and planning of the audit for the year ended 31 December, 2020 were adequate.
2. The External Auditor's findings on Management letters and Management's responses thereto were satisfactory
3. We have kept under review the effectiveness of the Company's system of accounting and internal controls.

Dated this 1st March 2021.

Olusola Adeeyo
Chairman, Statutory Audit Committee
FRC/2013/NIM/00000001919

S/N	NAME	REPRESENTATION	POSITION
1.	MR. OLUSOLA ADEEYO	INDEPENDENT NON-EXECUTIVE DIRECTOR	CHAIRMAN
2.	MRS. ANIOLA DUROSINMI-ETTI	INDEPENDENT NON-EXECUTIVE DIRECTOR	MEMBER
3.	MR. MOHAMMED AMINU UMAR	NON-EXECUTIVE DIRECTOR	MEMBER
4.	MR. SAFIU OKUNOLA	SHAREHOLDER REPRESENTATIVE	MEMBER
5	MRS. ADEBISI OLUWAYEMISI BAKARE	SHAREHOLDER REPRESENTATIVE	MEMBER
6.	MR. JOB IHEJIRIKA ONWUGHARA	SHAREHOLDER REPRESENTATIVE	MEMBER

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Independent Auditor's report

To the Shareholders of Ardova Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of **Ardova Plc** and its subsidiaries **("the Group and the Company")** set out in pages 5 – 70 which comprise the consolidated and separate statements of financial position as at 31 December 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the year then ended and the notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Ardova Plc as at 31 December 2020 and its consolidated and separate financial performance and consolidated and separate statements of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act and the Financial Reporting Council Act.

Basis for Opinion

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

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

Key Audit Matter

Key audit matter was the matter that, in our professional judgment, was of most significance in our audit of the consolidated and separate financial statements of the current year. The matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter. We have determined the matter described below as a key audit matter to be communicated in our report. This key audit matter relates to only the audit of the separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
Revenue Recognition	
Revenue recognition has been determined to be a key audit matter as this was an area to which significant audit attention was devoted. The designation of revenue as a key audit matter was informed by risk associated with the Company's revenue recognition process - which occurs when the customers confirm receipt of products. Per our understanding, this confirmation is done in two ways: • through a software application (AP Mobile App) that is linked to the Company's accounting system (SAP). Revenue is automatically recognised in SAP once the customer confirms product receipt on the App. • through manual confirmation of product receipts. This is done when customers acknowledge the physical copies of waybills. These sales are manually recorded in SAP by the Customers Service Team on receipt of a copy of the signed waybills. Given the revenue recognition process put in place by the Company, especially with respect to the customer confirmation performed on the AP Mobile App as described above, we have placed increased emphasis on our audit testing to verify that revenue recorded occurred, has been completely recorded and are recorded in the correct period.	In addressing this matter, we performed procedures that involved assessing the design and implementation of controls surrounding revenue recognition, testing the operating effectiveness of these controls and performing detailed substantive procedures. Details of procedures performed include: • Evaluated the Company's accounting policies relating to revenue recognition to verify that these are appropriate, consistently applied and in line with the provisions of the applicable standard – *IFRS 15: Revenue from Contracts with Customers* • Obtained an understanding of the controls put in place by the management to appropriately identify and account for product deliveries (performance obligation) which are yet to be confirmed by the customer. • Evaluated the design and implementation of the aforementioned control and tested the operating effectiveness in the year under audit. • In conjunction with our IT Specialists, we tested the design, implementation and operating effectiveness of the automated controls relating to revenue recognition through the AP Mobile App. We also tested the integrity and access security of the IT Infrastructure surrounding the App. • Performed substantive tests to ensure that revenue earned in the current year occurred, has been completely captured and in the correct period as follows: o Developed an independent expectation of the volume of products sold in the year by taking into consideration the opening and closing inventory balance as well as purchases made during the year (Sales Volume Reconciliation). o Selected samples from sales transactions recorded in the ledger and traced to supporting documents (e.g. signed waybills) to verify that the performance obligation under the contract with customer was completed before revenue was recognised. o We selected samples from sales transactions recorded in the SAP close to year end (few days before and few days after) and traced to relevant supporting documents (e.g. waybill, invoices etc.) to verify that revenue has been correctly recorded in the period earned. o Remained alert while testing other areas of the financial statements – inventory, related party transactions etc. to determine whether there are evidence of products sold to customers but not recorded in the entity's books. Based on the procedures performed, we determined that the Company's revenue recognition process is appropriate.

Deloitte.

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

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

In connection with our audit of the financial statements , our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements
The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, Financial Reporting Council Act, 2011 and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements , whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Deloitte.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group/ Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements
In accordance with the Fifth Schedule of Companies and Allied Matters Act 2020 we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Group and Company has kept proper books of account, so far as appears from our examination of those books.

iii) The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Olufemi Abegunde (FRC/2013/ICAN/00000004507)
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
3 **March 2021**

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0554765

Consolidated and Separate Statement of profit or loss and other comprehensive income

		Group	Company	
		31-Dec-20	**31-Dec-20**	**31-Dec-19**
	Notes	₦'000	₦'000	₦'000
Revenue	7.1.	181,938,679	181,664,468	176,550,766
Cost of sales	7.2.	(169,808,131)	(169,557,638)	(165,269,049)
Gross profit		12,130,548	12,106,830	11,281,717
Other income	8.	1,472,068	1,471,964	4,317,155
Distribution expenses	9a.1.	(2,233,371)	(2,233,371)	(2,280,966)
Administrative expenses	9a.2.	(7,232,279)	(7,007,879)	(8,393,460)
Operating profit		4,136,966	4,337,544	4,924,446
Finance income	10.	270,949	269,824	4,555,095
Finance cost	10.	(1,502,426)	(1,408,180)	(4,825,394)
Net finance cost		(1,231,477)	(1,138,356)	(270,299)
Profit before income tax		2,905,489	3,199,188	4,654,147
Income tax expense	11.	(1,047,520)	(1,135,754)	(739,007)
Profit after tax		1,857,969	2,063,434	3,915,140
Other Comprehensive Income:				
Items that will not be reclassified subsequently to profit or loss		-	-	-
Items that may be reclassified subsequently to profit or loss		-	-	-
Total other comprehensive income net of taxes		-	-	-
Total comprehensive income		**1,857,969**	**2,063,434**	**3,915,140**
Earnings per share				
Basic/diluted in (₦)	12.	1.42	1.58	3.00

The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.

Consolidated and separate statement of financial position
At 31 December 2020

		Group	Company	
Assets	**Notes**	**31-Dec-20**	**31-Dec-20**	31-Dec-19
Non-current assets		₦'000	₦'000	₦'000
Property, plant and equipment	13.	15,220,348	10,160,351	11,116,680
Right of use assets	14.	1,325,861	1,325,861	1,376,470
Investment property	15.	1,481,097	1,481,097	1,506,546
Intangible assets	16.	43,567	37,707	72,753
Receivables from Trucks Disposal	17.	4,591	4,591	-
Investment in Mobile Power	18.	50,890	50,890	-
Investment in Axles and Cartage	19.	-	1,000	-
Deferred tax assets	20b.	639,181	551,290	783,157
Long term investments	27.	-	-	36,735
Total non-current assets		**18,765,535**	**13,612,787**	**14,892,341**
Current assets				
Inventories	21.	14,553,608	14,535,714	12,834,373
Trade and other receivables	22.	28,490,908	31,270,585	16,677,971
Short term investments	27.	-	-	610,302
Restricted cash	23.	30,127	30,127	19,707
Cash and cash equivalents	24.	3,006,283	2,993,487	1,984,260
Total current assets		**46,080,926**	**48,829,913**	**32,126,613**
Total assets		**64,846,460**	**62,442,701**	**47,018,954**
Equity				
Share capital	26.	655,314	655,314	655,314
Share premium	26.	8,071,943	8,071,943	8,071,943
Other reserves	26.	(5,041)	(5,041)	(5,041)
Retained earnings	26.	10,687,652	10,893,117	8,829,683
Total equity attributable to equity holders of the Company		19,409,868	19,615,333	17,551,899
Treasury stock	26.	(1,388,574)	(1,388,574)	(1,388,574)
Total equity		**18,021,294**	**18,226,759**	**16,163,325**
Liabilities				
Non-current liabilities				
Deferred tax liabilities	20b.	1,211,164	1,211,507	1,463,956
Medium term bond	28.	-	-	2,735,388
Total non-current liabilities		**1,211,164**	**1,211,507**	**4,199,344**
Current liabilities				
Trade and other payables	29.	35,481,426	35,434,507	22,823,177
Current income tax liabilities	11.	1,175,592	1,175,592	976,632
Employee benefits	27.	-	-	262,902
Medium term bond	28.	2,847,762	2,847,762	2,476,801
Loans and borrowings	28.3	2,289,627	-	-
Bank overdraft	25.	3,819,595	3,546,574	116,773
Total current liabilities		**45,614,002**	**43,004,435**	**26,656,285**
Total liabilities		**46,825,166**	**44,215,942**	**30,855,629**
Total equity and liabilities		**64,846,460**	**62,442,701**	**47,018,954**

The financial statements were approved by the Board on 1 March 2021 and signed on its behalf by:

Olumide Adeosun
Chief Executive Officer
FRC/2020/003/00000020356

Moshood Olajide
Executive Director, Finance
FRC/2018/MULTI/00000017818

The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.

Statement of changes in equity (Company)

Attributable to equity holders of the Company

	Share capital	Share premium	Reserves	Retained earnings	Total equity attributable to equity holders of the company	Treasury shares	Total equity
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Balance at 1 January 2019	**655,314**	**8,071,943**	**(7,752)**	**6,418,039**	**15,137,544**	**(1,388,574)**	**13,748,970**
Changes in equity for 2019							
Adjustment	-	-	2,711	(2,711)	-	-	**-**
Profit for the year	-	-	-	3,915,140	3,915,140	-	**3,915,140**
Dividend	-	-	-	(1,500,785)	(1,500,785)	-	**(1,500,785)**
Balance as at 31 December 2019	**655,314**	**8,071,943**	**(5,041)**	**8,829,683**	**17,551,899**	**(1,388,574)**	**16,163,325**
Changes in equity for 2020:							
Profit for the year	**-**	**-**	**-**	2,063,434	2,063,434	**-**	**2,063,434**
Balance at 31 December 2020	**655,314**	**8,071,943**	**(5,041)**	**10,893,117**	**19,615,333**	**(1,388,574)**	**18,226,2759**

Consolidated statement of changes in equity

Attributable to equity holders - the Group

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	Share capital	Share premium	Reserves	Retained earnings	Total equity attributable to equity holders of the company	Treasury shares	Total Equity
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Balance at 1 January 2020	**655,314**	**8,071,943**	**(5,041)**	**8,829,683**	**17,551,899**	**(1,388,574)**	**16,163,325**
Changes in equity for 2020:							
Profit for the year	-	-	-	1,857,969	1,857,969	-	1,857,969
Amount attributable to equity holders	**655,314**	**8,071,943**	**(5,041)**	**10,687,652**	**19,409,868**	**(1,388,574)**	**18,021,294**

Consolidated and Separate statement of cash flows

	Notes	Group	Company	
		31-Dec-20	**31-Dec-20**	31-Dec-19
		₦'000	₦'000	₦'000
Cash flows from operating activities				
Profit for the year		**1,857,969**	**2,063,434**	**3,915,140**
Adjustment for:				
Depreciation of property, plant and equipment	**13.**	1,080,180	1,079,650	2,054,952
Depreciation of Right of use assets	**14.**	339,108	339,108	-
Depreciation of investment property	**15.**	25,449	25,449	25,449
Amortization of intangible asset	**16.**	35,046	35,046	71,058
Provision no longer required	**8.**	(517,084)	(517,084)	(23,055)
Profit on disposal of property, plant and equipment	**13.**	(273,006)	(273,006)	30,067
Gain on disposal of subsidiaries net of cash		-	-	(2,674,891)
Impairment allowances	**22.6.**	39,468	39,468	69,436
Finance income	**10.**	(270,949)	(269,824)	(4,555,095)
Finance cost on loans and borrowings	**10.**	1,502,426	1,408,180	4,825,394
Current service cost	**27.**	-	-	254,680
Income tax expense	**11.**	1,047,520	1,135,754	739,007
		4,866,127	**5,066,175**	**4,732,144**
Changes in:				
Inventories		(1,710,235)	(1,701,341)	(3,306,227)
Trade and other receivables		(10,693,245)	(13,472,923)	9,204,260
Trade and other payables		12,658,249	12,611,330	(4,207,956)
Cash generated from operating activities		**5,111,896**	**2,503,241**	**6,422,220**
Employee benefit paid	**27.**	(262,531)	(262,531)	(530,084)
Income taxes paid		(957,375)	(957,375)	(209,058)
Net cash generated from operating activities		**3,891,990**	**1,283,335**	**5,683,078**
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	**13,8.**	1,023,355	1,023,355	212,821
Acquisition of property, plant and equipment	**13.**	(5,934,198)	(873,672)	(816,036)
Acquisition of ROU Asset	**14.**	(288,499)	(288,499)	(245,542)
Acquisition of software	**16.**	(5,860)	-	-
Investment in Mobile Power		(50,890)	(50,890)	
Investment in subsidiary	**19.**	-	(1,000)	
Disposal of Subsidiaries		-	-	12,960,887
Interest received	**10.**	270,949	269,824	539,103
Net cash generated from investing activities		**(4,985,143)**	**79,118**	**12,651,233**
Cash flows from financing activities				
Loan and borrowings-Bond	**28.1**	(2,364,427)	(2,364,427)	(5,438,107)
Additional loan	**28.1**	2,289,627	-	-
Dividend paid		-	-	(1,500,785)
Interest paid	**10.**	(1,502,426)	(1,408,180)	(1,188,948)
Net cash used in financing activities		**(1,577,226)**	**(3,772,607)**	**(8,127,840)**
Net increase in cash and cash equivalents		(2,670,379)	(2,410,154)	10,206,472
Restricted cash	**23.**	(10,420)	(10,420)	(19,707)
Cash and cash equivalents as at 1 January		1,867,487	1,867,487	(8,319,276)
Cash and cash equivalents at 31 December	**24.**	**(813,312)**	**(553,087)**	**1,867,487**

The accompanying notes and significant accounting policies form an integral part of these consolidated financial statements.

Notes to the consolidated and separate financial statements

1. Corporate Structure and business

Ardova Plc ('Ardova' or the 'Company'), the parent of the Group, was incorporated on 11 December 1964 as British Petroleum. It was renamed African Petroleum through the nationalisation policy of the Federal Government of Nigeria in 1979.

In December 2010, the Company went through a restructuring and rebranding exercise and further changed its name to Forte Oil Plc.

In March 2019, the Company disposed of its Upstream Services, Power and a portion of its Fuel segments namely; AP Oil and Gas Ghana, Forte Upstream Service Limited and Amperion Power Distribution Company Limited.

In June 2019, the Company experienced a change in ownership structure. The majority shareholder in Forte Oil Plc sold all its shares in the Company to Ignite Investments and Commodities Limited. Following this, the Company's name was changed to Ardova Plc in January, 2020. Ignite Investments and Commodities Limited owns 74.02% of the equity shares of Ardova Plc while the balance of 25.98% is held by other shareholders.

The Company is principally engaged in the marketing of petroleum products which is divided into fuels, lubricants and greases. The Company's registered address is 1,AP/Conoil Road, Ijora, Apapa Lagos.

The Company together with its subsidiary as shown below is collectively referred to as the Group.

On 11 March 2020, the Company incorporated a wholly owned subsidiary, Axles and Cartage Limited as a private limited liability company in Nigeria. The subsidiary provides transport and haulage services to third party customers as well as Ardova Plc.

1.2 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) as issued by the International Accounting Standard Board (IASB) and in compliance with the Financial Reporting Council of Nigeria Act. The financial statements for the year ended 31 December 2020, have been prepared in accordance with International Financial Reporting Standard (IFRS).

1.3 Composition of Financial statements

This financial statements are presented in Naira, which is the Company's functional currency. Except as indicated in this financial statements, financial information presented in Naira has been rounded to the nearest thousand. The Group financial statements comprise:

* Consolidated and separate statements of profit and loss and other comprehensive income.
* Consolidated and separate statements of financial position
* Consolidated and separate statements of changes in equity
* Consolidated and separate statements of cash flows
* Notes to the consolidated and separate financial statements

The Directors also provided the following additional statements in compliance with Companies and Allied Matters Act:

*Consolidated and Separate statements of Value added
*Separate five-year financial summary

1.4 Financial Period

These financial statements cover the period from 1 January 2020 to 31 December 2020 with comparative figures for the financial year from 1 January 2019 to 31 December 2019.

Notes to the consolidated and separate financial statements

2 Significant changes in the current reporting period

The following significant changes occurred during the reporting year ended 31 December 2020:

Oil prices and demand for oil products reduced significantly due to the global Coronavirus (COVID-19) pandemic and other geopolitical events around the world. These recent events will continue to have an impact on oil price volatility. The Group will continue to monitor the oil prices and take adequate steps to manage its business and any financial impact of same.

The Group's operations are not affected by seasonality or cyclicality.

3 Summary of significant accounting policies

3.1 Introduction to summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These accounting policies have been applied to all the periods presented, unless otherwise stated. The financial statements are for the Group consisting of Ardova Plc and its subsidiary.

3.2 Basis of accounting

i) Compliance with IFRS

The consolidated financial statements of the Group for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (""IFRS"") and interpretations issued by the IFRS Interpretations Committee (IFRS IC). The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and with the requirements of the Companies and Allied Matters Act and Financial Reporting Council of Nigeria Act (""FRCN Act"").

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements. "

ii) Historical cost convention

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

iii) Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2020, but do not have any material impact on the consolidated financial statements of the Group.

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments are not relevant to the Group given that it does not apply hedge accounting to its benchmark interest rate

Notes to the consolidated and separate financial statements

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

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16
In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

c) There is no substantive change to other terms and conditions of the lease.

These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group have any rent concessions.

Amendments to References to the Conceptual Framework in IFRS Standards
The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IFRS 3: Definition of a Business
The amendments to IFRS 3 clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset.

These amendments had no significant impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Notes to the consolidated and separate financial statements

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

Impact of other new and amended IFRS Standards that are effective for the current year

Amendments to IAS 1 and IAS 8: Definition of Material
The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

c. Conceptual Framework for Financial Reporting issued on 29 March 2018
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

"The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the consolidated financial statements of the Group."

For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

d. Amendments to IAS 1 and IAS 8: Definition of Material
The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of the Group, nor is there expected to be any future impact to the Group.

The amendments are effective for annual reporting periods beginning on or after 1 January 2020.

e. Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform
"These amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relation is affected if the reform gives rise to uncertainties about the timing and of amount of benchmark-based cashflows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Notes to the consolidated and separate financial statements

3.4 New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 2020 reporting periods and have not been early adopted by the Group. The Group does not expect the new accounting standards and interpretations to have a material impact on its current or future reporting periods.

Details of these new standards and interpretations are set out below:

- IFRS 17 Insurance Contracts - Effective for annual periods beginning on or after 1 January 2023
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts beginning on or after 1 January 2021
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1 - Effective for annual periods beginning on or after 1 January 2022.
- Amendments to IAS 16 Property, Plant and Equipment - Effective date for annual periods beginning on or after 1 January 2022
- Amendments to IAS 8 Accounting Policies and Accounting Estimates - Effective date for annual periods beginning on or after 1 January 2022
- Amendments to IAS 37 Onerous Contracts - Costs of Fulfilling a Contract - Effective date for annual periods beginning on or after 1 January 2022"

3.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2020. The Group comparative figures is not presented in the financial statement as 2020 reporting period is the first year of consolidation for the company and its subsidiary. The subsidiary was acquired in 2020 financial year.

i. “Subsidiary"

A subsidiary is an entity over which the Group has control.

The consolidated financial information comprises the financial statements of the Company and its subsidiary as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

A subsidiary is consolidated from the date on which control is obtained by the Group and are deconsolidated from the date control ceases.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the consolidated and separate financial statements

3.5 Basis of consolidation (Cont'd)

ii. Change in the ownership interest of subsidiary

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of financial position and profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The financial statements of the subsidiary is prepared for the same reporting periods as the parent company using consistent accounting policies.

Non-controlling Interest:

Information on non-controlling interest is not presented in the financial statement as the company's subsidiary Axles and Cartage Limited is wholly owned by Ardova Plc."

Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.
When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the consolidated and separate financial statements

3.5 Basis of consolidation (Cont'd)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

3.6 Functional and presentation currency

Items included in the financial statements of the Group's subsidiary are measured using the currency of the primary economic environment in which the subsidiary operates ('the functional currency'), which is the Nigerian Naira. The consolidated financial statements are presented in thousands of Nigerian Naira (N'000).

i. Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end are generally recognised in profit or loss. They are deferred in equity if attributable to net investment in foreign operations.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss or other comprehensive income depending on where fair value gain or loss is reported."

3.7 Financial instruments

(a) Classification and measurement

Financial assets

It is the Group's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss (FVTPL) which are expensed in profit or loss.

Classification and subsequent measurement is dependent on the Group's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Group may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

Business model: The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable

Notes to the consolidated and separate financial statements

3.7 Financial instruments (cont'd)

(e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for the financial assets include past experience on how cash flows for these assets were collected, how the assets performance is evaluated and reported to key management personnel and how risks are assessed and managed.

Solely Payments of Principal and Interest: Where the business model is to collect contractual cash flows, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Based on these factors, the Group classifies its debt instruments into one of the following measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss due to impairment or upon derecognition of a financial asset is recognised in profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Fair value through other comprehensive income: Assets in this category are held to collect contractual cash flows and sell where there are advantageous opportunities. A gain or loss on a financial asset is recognised in other comprehensive income except impairment gains or losses and foreign exchange gains or losses in the period in which it arises. Interest income from these financial assets is included in finance income.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a financial asset is recognised in profit or loss and presented net in the profit or loss statement within other income/(expenses) in the period in which it arises. Interest income from these financial assets is included in finance income.

The Group reclassifies its financial assets when and only when its business model for managing those assets changes. Such changes are expected to be infrequent.All the Group's financial assets as at 31 December 2020 are cash and cash equivalents and trade and other receivables and they satisfy the conditions for classification at amortised cost under IFRS 9. They are included in current assets, except for maturities greater than 12 months after the reporting date which are included in non-current assets."

Financial liabilities
Financial liabilities of the Group are classified and measured at fair value on initial recognition net of directly attributable transaction costs and subsequently measured at amortised cost.

"Fair value gains or losses for financial liabilities designated at fair value through profit or loss are accounted for in profit or loss except for the amount of change that is attributable to changes in the Group's own credit risk which is presented in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in profit or loss. The Group's financial liabilities include trade and other payables, medium term bond and bank overdraft. The Group has no financial liabilities measured at fair value through profit or loss.

(b) Impairment of financial assets
Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. This is applicable to financial assets classified at amortised cost. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

Notes to the consolidated and separate financial statements

3.7 Financial instruments (Cont'd)

The simplified approach is applied to all trade related receivables while the general approach is applied to other receivables and cash and cash equivalents

The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Group's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period."

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as 12 month ECL which is a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable, and it assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. The EAD is the total amount of outstanding receivable at the reporting period. These three components are multiplied together and adjusted for forward looking information, such as the inflation rate and GDP growth rate in Nigeria, to arrive at an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

(c) Significant increase in credit risk and definition of default

The Group assesses the credit risk of financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Group identifies the assets that require close monitoring.

Furthermore, financial assets that have been identified to be more than 30 days past due on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied.

"Financial assets are defined to be in default when contractual payments have not been received at least 90 days after the contractual payment period. Subsequent to default, the Group carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Group determines that there are no realistic prospects of recovery, the financial assets and any related loss allowances are written off either partially or in full.

(d) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognised in profit or loss.

Notes to the consolidated and separate financial statements

3.7 Financial instruments (Cont'd)

Financial liabilities
The Group derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

(e) Modification
When the contractual cash flows of a financial instrument are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Group recalculates the gross carrying amount of the financial instrument and recognises a modification gain or loss immediately within finance income/(cost)-net at the date of the modification. The gross carrying amount of the financial instrument is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial instrument's original effective interest rate.

(f) Offsetting of financial assets and financial liabilities
Financial assets and liabilities are offset and the net amount is reported in the statement of financial position. Offsetting can be applied when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

3.8 Revenue from contracts with customers
"The Group recognises revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those services. A valid contract is recognised as revenue after;

- The contract is approved by the parties.
- Rights and obligations are recognised.
- Collectability is probable.
- The contract has commercial substance.
- The payment terms and consideration are identifiable.

The Group recognises revenue by providing the following goods and services:"

(a) Sale of petroleum products (white products), Aviation Turbine Kerosene (ATK), lubricants and greases, and solar panel.
Revenue is recognised when each performance obligation for the sale of goods are fulfilled. Revenue is allocated to each performance obligation based on the relative stand-alone selling price related to each performance obligation. Revenue from sale of petroleum products, Aviation Turbine Kerosene, lubricants, greases, and solar panel is recognised point in time when the goods are delivered to the customers.

(b) Haulage and transportation services
Haulage and transportation services are recognised as revenue when each performance obligation for the transportation service is fulfilled. Revenue is allocated to each performance obligation based on the relative stand-alone selling price related to each performance obligation. Revenue from provision of transportation and haulage service is recognised over time as customers consume the benefits as the service is being rendered.

Notes to the consolidated and separate financial statements

3.9 Property, plant and equipment
3.9.1 Recognition and measurement (cont'd)

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. Items of property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for the intended use, the costs 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 net within other income in profit or loss.

Depreciation of property, plant and equipment commences when an asset is available for use.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired.

When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.
The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised."

3.10 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

3.10 Leases (cont'd)

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of retail station(property) in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a lessee
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 earlier of the end of the useful life of the right-of-use asset or the end of the lease term.a The estimated useful lives of right-of-use assets are 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.

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, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

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.

Short-term leases and leases of low-value assets
The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of property that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term. The Group has short term leases and low value lease.

Notes to the consolidated and separate financial statements

3.10 Leases (cont'd)

3.10.1 Extension and termination options

Extension and termination options are included in the Group's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Most of the extension options are subject to mutual agreement by the lessee and lessor and some of the termination options held are exercisable by both parties.

3.11 Investment property

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the property. Investment properties under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the property to a condition of commercial lease to third parties.Land held for an undefined future use is recognised as investment property.

Property that is being constructed or developed for future use as investment property is recognised as investment property.

Depreciation is calculated over the depreciable amount, which is the cost of a property, or other amount substituted for cost, less its residual value. Depreciation is recognised on a straight - line basis over the useful life of the investment property.

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

Land	Over lease year
Buildings	25 years

The criteria used by the Company to distinguish investment property from owner occupied property are as follows:

- The property must not be actively used for the running of the core business activity of the Company that is, production and marketing of petroleum products.
- The property generates cash flows which have no direct connection with core business activity of the Company.
- The property is held primarily for rental income generation and/or value appreciation.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. If owner-occupied property becomes an investment property, the group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use."

3.12 Earnings per share

The Company presents basic/diluted earnings per share data for its ordinary shares.

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

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.

Notes to the consolidated and separate financial statements

3.13.1 Rental income

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognised as other income.

3.13.2 Throughput income

Throughput income represents fees earned from the use of the Company's storage facilities by third parties on one hand and the Nigerian National Petroleum Corporation product discharge into these storage facilities. These are recognised as other income.

3.14 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. Segment results that are reported to the Company's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of head office expenses, other income like (sundry income, rental income, foreign exchange gain and gain on disposal of PPE) and tax assets and liabilities.

3.15 Loans and borrowings

3.15.1a Interest-bearing borrowings

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

3.15.1b Debt instruments

Financial instruments issued by the Group are qualified as debt instruments if there is a contractual obligation to deliver cash or another financial asset to the holder of the instrument. The same applies if the Company is required to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company.

Issues of bonds are recorded at their initial fair value which normally reflects the proceeds received, net of direct issue costs less any repayments. Subsequently these are stated at amortised cost, using the effective interest method. Any difference between the proceeds after direct issue costs and the redemption value is recognised over the term of the borrowing in the income statement using the effective interest method.

3.15.2 Compound instruments

At the issue date, the fair value of the liability component of a compound instrument is estimated using the market interest rate for a similar non-convertible instrument. This amount is recorded as a liability at amortised cost using the effective interest method until extinguished upon conversion or at the instrument’s redemption date.

The equity component is determined as the difference of the amount of the liability component from the fair value of the instrument. This is recognised in equity, net of income tax effects, and is not subsequently remeasured.

3.16 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

3.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects and costs directly attributable to the issue of the instrument.

Notes to the consolidated and separate financial statements

3.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

Dividends which remained unclaimed for a year exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with Section 385 of Companies and Allied Matters Act of Nigeria, are written back to retained earnings.

3.19 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the year in which they are incurred.

3.20 Taxation

Income tax for the year is based on the taxable income for the year. Taxable income differs from profit as reported in the statement of comprehensive income for the year as there are some items which may never be taxable or deductible for tax and other items which may be deductible or taxable in other years.

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

Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position. Deferred tax assets and liabilities are not recognised if they arise in the following situations: the initial recognition of goodwill; or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

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

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

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

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

Notes to the consolidated and separate financial statements

3.21 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of deregulated inventories - AGO, ATK, LPFO is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The cost of regulated inventories - PMS is based on the standard cost principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Packaging Materials, Solar inverters, Lubricants, and Greases are valued based on Weighted Average Cost. Inventories - in-transit are valued based on purchase cost incurred to date.
Perpetual inventory system where cost of sales and ending inventory is updated continuously is in use.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The production costs comprise direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads.

Allowance is made for obsolete, slow moving or defective items where appropriate.

3.21.1 Spare parts and consumables

Spare parts which are expected to be fully utilized in production within the next operating cycle and other consumables are valued at weighted average cost.

3.22 Intangible assets

3.22.1 Intangible assets acquired separately

Intangible assets acquired separately are shown at historical cost less accumulated amortisation and impairment losses.

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite. These charges are included in other expenses in profit or loss.

Intangible assets with an indefinite useful life are tested for impairment annualy. Other intangible assets are amortised from the date they are available for use. The estimated useful live for the current and comparative year is:

Software costs - 3 to 8 years

Amortisation years and methods are reviewed annually and adjusted if appropriate.

3.22.2 Intangible assets generated internally

Expenditures on research or on the research phase of an internal project are recognised as an expense when incurred. The intangible assets arising from the development phase of an internal project are recognised if, and only if, the following conditions apply:

- it is technically feasible to complete the asset for use by the Company;
- the Company has the intention of completing the asset for either use or resale;
- the Company has the ability to either use or sell the asset;
- it is possible to estimate how the asset will generate income;
- the Company has adequate financial, technical and other resources to develop and use the asset; and
- the expenditure incurred to develop the asset is measurable.

If no intangible asset can be recognised based on the above, then development costs are recognised in profit and loss in the year in which they are incurred.

Notes to the consolidated and separate financial statements

3.22.3 Intangible assets recognised in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date.

3.22.4 Subsequent expenditure

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

3.22.5 Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its 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 must closely reflect the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for the current and comparative year is:

Computer software: 3 to 8 years

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

Derecognition

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The gain or loss is recognised in profit or loss when the asset is derecognised."

3.23 Uncertainty over income tax treatment

"The Group examines where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. It considers each uncertain tax treatment depending on which approach better predicts the resolution of the uncertainty. The factors it considers include:

- how it prepares and supports the tax treatment; and
- the approach that it expects the tax authority to take during an examination.

If the Group concludes that it is probable that the tax authority will accept an uncertain tax treatment that has been taken or is expected to be taken on a tax return, it determines the accounting for income taxes consistently with that tax treatment. If it concludes that it is not probable that the treatment will be accepted, it reflects the effect of the uncertainty in its income tax accounting in the period in which that determination is made (for example, by recognising an additional tax liability or applying a higher tax rate).

"The Group measures the impact of the uncertainty using methods that best predicts the resolution of the uncertainty. The Group uses the most likely method where there are two possible outcomes, and the expected value method when there are a range of possible outcomes.

The Group assumes that the tax authority with the right to examine and challenge tax treatments will examine those treatments and have full knowledge of all related information. As a result, it does not consider detection risk in the recognition and measurement of uncertain tax treatments. The Group applies consistent judgements and estimates on current and deferred taxes. Changes in tax laws or the presence of new tax information by the tax authority is treated as a change in estimate in line with IAS 8 - Accounting policies, changes in accounting estimates and errors.

Notes to the consolidated and separate financial statements

3.23 Uncertainty over income tax treatment (cont'd)

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. New information might include actions by the tax authority, evidence that the tax authority has taken a particular position in connection with a similar item, or the expiry of the tax authority's right to examine a particular tax treatment. The absence of any comment from the tax authority is unlikely to be, in isolation, a change in circumstances or new information that would lead to a change in estimate.

3.24 Trade and other receivables

"Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. Other receivables generally arise from transactions outside the usual operating activities of the Group. Collateral is not normally obtained. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 5."

3.25 Employee benefits

The Group operates defined contribution plans.

3.25.1 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the year during which services are rendered by employees. In relation to the defined contribution plan, the Company has in place the Pension fund scheme.

3.25.2 Pension fund scheme

In accordance with the revised provisions of the Pension Reform Act, 2014, the Company has instituted a Contributory Pension Scheme for its employees, where both the employees and the Company contribute 8% and 10% respectively of the employee's emoluments (basic salary, housing and transport allowances). The Company's contribution under the scheme is charged to the profit and loss account while employee contributions are funded through payroll deductions.

3.25.3 Terminal benefit

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting year, then they are discounted to their present value.

3.25.4 Short term benefits - Profit-sharing and bonus plans

This recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to Ardova's shareholders after certain adjustments. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Notes to the consolidated and separate financial statements

3.26 **Provision, contingencies and decommissioning costs**

3.26.1 **Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.26.2 Contingent liabilities

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company. Contingent liabilities are not recognised in the financial statements but are disclosed. However if the possibility of an outflow of economic resources is considered remote, such contigent liabilities are recognised in the financial statements.

3.26.3 Contingent assets

Contingent assets are possible assets that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contigent assets are only disclosed when an inflow of economic benefit is probable. Asset is recognised when the realisation of income is virtually certain, in which case the related asset is no more contingent.

3.26.4 Decommissioning costs

Liabilities for decommissioning costs are recognised when the Company has an obligation to dismantle and remove a facility or an item of property, plant or equipment and to restore the site on which it is located, and when a reliable estimate of the liability can be made. Where an obligation exists for a new facility such as a retail outlet, this will be on construction. An obligation for decommissioning may also crystalize during the year of operation of a facility through a change in legislation or through a decision to terminate operations. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding item of property, plant and equipment of an amount equivalent to the provision is also recognised. This is subsequently depreciated as part of the asset.

Other than the unwinding discount on the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding item of property, plant and equipment.

3.27 Interest in other entities - material subsidiary

"The Group’s principal subsidiary as at 31 December 2020 is Axle and Cartage Plc. The share capital consists solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The principal activity is the provision of haulage services. The country of incorporation or registration and the principal place of business of the subsidiary is Nigeria.

There were no significant judgements made in consolidating the entity. Also, there were no significant restrictions on the entity"

Notes to the consolidated and separate financial statements

3.28 Repurchase and reissue of share capital (Treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

3.29 Related party relationships and transactions

The Group is controlled by Ardova Plc (the parent Company). The parent Company is owned directly by (Ignite Investments and Commodities Limited) controlled by AbdulWasiu O. Sowami. The remaining shares in the parent Company are widely held.

3.30 Event occurring after the balance sheet date

The value of asset and liabilities at the balance sheet date are adjusted if there is evidence that subsequent adjusting event warrant a modification of these values. These adjustment are made up to the date of approval of the financial statements by the Board of Directors.

Other non-adjusting event are disclosed in the notes.

4 Critical accounting judgement and key sources of estimating uncertainty

The preparation of the company financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Changes in these assumptions may materially affect the financial position or financial results reported in future years. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements.

a) Recovery of deferred tax assets

Judgement is required to determine which types of arrangements are considered to be tax on income in contrast to an operating cost. Jugement is also required in determining whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses require management assessment of the likelihood that the Company will generate sufficient taxable earnings in future years in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by sales volume and production, global oil prices, operating costs and capital expenditure) and judgement about the application of existing tax laws.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the reporting date could be impacted.

Future changes in tax laws could also limit the ability of the Company to obtain tax deductions in future years.

Notes to the consolidated and separate financial statements

4. Use of estimates and judgements (cont'd)

b) Revenue recognition

In making its judgement, management considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the entity had transferred control of the goods to the customer. Following the detailed quantification of the entity's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition of an appropriate provision for the rectification costs.

C) Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

d) Recoverability of assets carrying amount

The Company assesses its property plant and equipment for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least at every reporting date. Such indicators include changes in the, Company's business plans, changes in commodity prices, evidence of physical damage and, for oil and gas properties, significant downward revisions of estimated recoverable volumes or increases in estimated future development expenditure.

The assessment for impairment entails comparing the carrying value of the cash-generating unit with its recoverable amount, that is, value in use. Value in use is usually determined on the basis of discounted estimated future net cash flows. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates, production profiles and the outlook for regional market supply-and-demand conditions for crude oil, natural gas and refined products.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Such estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

e) Estimated useful lives and residual values of intangible assets and property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its items of property, plant and equipment on an annual basis. The Company has carried out a review of the residual values and useful lives of property, plant and equipment during the year and that has not highlighted any requirement for an adjustment to the residual lives and remaining useful lives of the assets for the current or future periods.

Notes to the consolidated and separate financial statements

4. Use of estimates and judgements (cont'd)

f) Recoverability of financial assets

The Company reviews all financial assets at least annually and when there is any indication that the asset might be impaired. Loss allowance for trade receivables is measured at an amount equal to twelve months ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognised a loss allowance of 100% against all receivables over 365 days past due, because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting year. The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, except where there is adequate security. None of the trade receivables that have been written off are subject to enforcement activities. Trade receivables are considered to be past due when they exceed the credit period granted.

g) Fair value hierarchy

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments

h) Determination of fair values

A number of Company's accounting policies and disclosures require the determination of fair value, both for financial and non-financial assets and liabilities. 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this and separate financial statements is determined for measurement and / or disclosures purposes based on the following methods.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Notes to the consolidated and separate financial statements

5. Financial risk management

Overview
Our risk management objective is to ensure sustainable business growth with stability by promoting a pro-active approach in identifying, evaluating, mitigating and reporting risks associated with the business. In order to achieve these objective, we have established a structured and disciplined approach to Risk Management, including the development of the Risk Matrix, in order to guide decisions of the Company on risk related issues. The Company has a risk management system embedded in our day to day business activities which guides our business operations and is being followed in a consistent and systematic manner to increase value to our shareholders. Our Enterprise Risk Management framework focuses on enterprise wide risk of the Company with the objective to protect and enhance each entity's value and by extension the Company's value.

Risk Management framework
The Board of Directors sets our overall risk appetite, approve the risk management strategy and is ultimately responsible for the effectiveness of the risk management process and system of internal control within the Company.

Specific objectives of the Company's Risk Management framework are:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated and managed.
- To establish a framework for the Company's risk management process and to ensure Company-wide implementation.
- To ensure systematic and uniform assessment of risks related with the Company's operations.
- To reduce operational surprises and losses.
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
- To assure business growth with financial stability.

The Board oversees risk management through the following Committees:

Board Risk Management Committee
The Board Risk Management Committee is responsible for developing and monitoring the Company's risk management policies which are established to identify and analyse the risks faced by the Company, to set appropriate risk limit and controls, monitor risks and adherence to risk limits. The Committee ensures that risk management policies are integrated into the Company's culture. The Committee also reviews quarterly risk management reports and direct appropriate actions to be taken by senior management. The committee reports quarterly to the Board of Directors on its various activities.

Statutory Audit Committee
The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Corporate Governance and Remuneration Committee
The Corporate Governance and Remuneration Committee assists the Board in fulfilling its responsibilities in relation to Corporate Governance & remuneration matters. It ensures the Company meets all legal and regulatory requirements for business operations, thus protecting the Company from incurring operational and reputational liabilities that can affect the achievement of our goals and objectives.

Risk Management Committee
The Risk Management Committee is a Management Committee of the Company which evaluates the risks inherent within the business and ensures that they are captured appropriately within the business risk profile. The committee monitors residual risk exposures and provides assurance as to adequacy of controls implemented to manage risks to the agreed level of appetite. The committee meets monthly, however risk reports are provided quarterly to the Board Risk Committee. Principal risk events are however escalated immediately.

Notes to the consolidated and separate financial statements

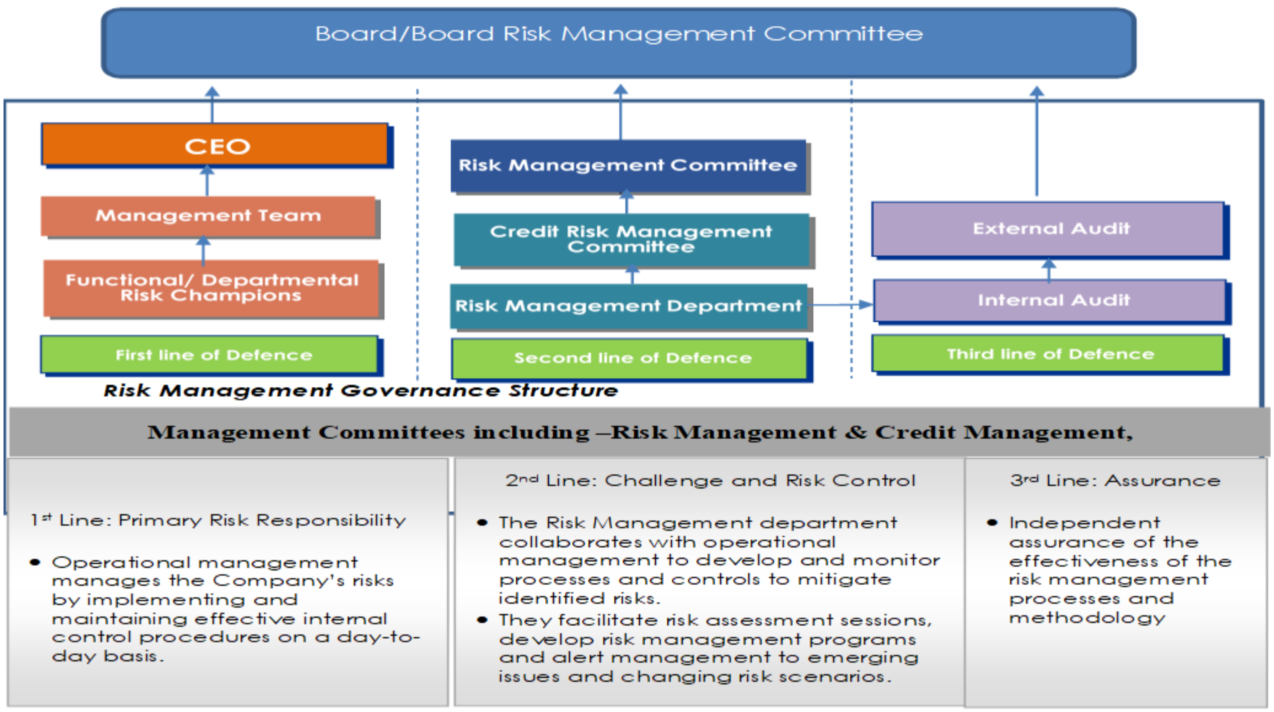
5. Financial risk management (cont'd)

Credit Risk Management Committee

The Credit Risk Management Committee is a Sub-Committee of the Risk Management Committee that assesses the credit risk of the Company. The Committee reviews and approves credit request in line with the Company's credit policy.

The committee also meets at least monthly to review payment performance of credit customers, the adequacy of Bank Guarantees, credit limits of customers and also take appropriate actions to ensure zero tolerance for bad debts.

Risk Management Structure & Governance



Notes to the consolidated and separate financial statements

5. Financial risk management (cont'd)

Risk Profile
In the course of our daily operations, we are exposed to various risks. The Company has a risk management function that manages these risks with various reporting done as required. We have categorised the risks into the following:

Financial Risk
Credit risk
Liquidity risk
Market risk
Capital risk management

Other risk
Reputational Risk
Strategic Risk
Operational Risk
HSE Risk

Financial Risk
The Company's overall risk management focuses on the unpredictability of financial markets and the adverse effect on the Company's financial and operational performance. The Company has a risk management function that manages the financial risks relating to the Company's operations under the policies approved by the Board of Directors.

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

Credit Risk
Liquidity Risk
Market Risk
Foreign Exchange Risk
Currency Risk
Interest Rate Risk
Other Market Risk

Credit Risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a policy of only dealing with creditworthy customers as a means of mitigating the risk of financial loss from defaults. We also secure our credits with Bank Guarantees from Company selected Banks.

The Company uses other publicly available financial information and its own trading records to evaluate its major customers using the Credit Application. All credits are administered in line with the company's Credit policy.

Warning signs for default are promptly identified based on our Credit Management & Reporting tools. Mitigating actions such as reduced credit term, aggressive cash collection and downward review of credit limits are highlighted and implemented for high-risk customers based on approval by Executive Management and Management Credit Committee.

Notes to the consolidated and separate financial statements

5. Financial risk management (cont'd)

Trade and other receivables

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness. Credit limit is established for each customer, which represents the maximum exposure to the customer. These limits are reviewed annually by management credit committee based on customer's performance and credit worthiness. Customers that fail to meet the Company's credit criteria may transact with the Company on a cash-and-carry basis or provide a Bank Guarantee.

Our exposure to credit risk for trade and other receivables and related impairment losses at the reporting date is as disclosed below.

Reconciliation of gross carrying amount of financial assets

The gross carrying amount financial assets as at 31 December reconcile to the opening balances as follows:

	Group		Company	
	Trade receivables N'000	**Other receivables N'000**	**Trade receivables N'000**	**Other receivables N'000**
Gross carrying amount as at 1 January 2020	*4,451,848*	*14,578,977*	*4,451,849*	*14,578,976*
Financial assets derecognised	-	-	-	-
New financial assets originated	*254,690*	*11,081,002*	*254,689*	*13,860,679*
Gross carrying amount as at 31 December 2020	4,706,538	25,659,979	4,706,538	28,438,656

Reconciliation of impairment loss on financial assets

The loss allowances for financial assets as at 31 December reconcile to the opening loss allowances as follows:

	Group		Company	
	Trade receivables N'000	**Other receivables N'000**	**Trade receivables N'000**	**Other receivables N'000**
Opening loss allowance as at 1 January 2020	*1,198,244*	*1,154,611*	*1,198,244*	*1,154,611*
Increase in loan loss allowance recognised in P/L during the year	*100,960*	-	*100,960*	-
Receivables written off during the year as uncollectible	*(61,492)*	-	*(61,492)*	-
Unused amount reversed		*(516,714)*		*(516,714)*
Closing loss allowance at 31 December 2020	1,237,712	637,897	1,237,712	637,897

Maximum exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group
	31-Dec-20
	₦'000
Trade and receivables (Note 22)	28,490,908
Cash and cash equivalents (Note 24)	3,006,283
	31,497,191

Notes to the consolidated and separate financial statements

5. Financial risk management (cont'd)

	31-Dec-20
Forex exposure	**₦'000**
Bank balances denominated in other currencies	504,673
Trade and other receivables denominated in other currencies	-
Liabilities dominated in other currencies	-
	504,673

	Company	
	31-Dec-20	31-Dec-19
	₦'000	₦'000
Trade and receivables (Note 22)	31,270,585	16,677,971
Cash and cash equivalents (Note 24)	2,993,487	1,984,260
	34,264,072	**18,662,231**
Forex exposure		
Bank balances denominated in other currencies	496,509	554,297
Trade and other receivables denominated in other currencies	-	-
Liabilities dominated in other currencies	-	-
	496,509	**554,297**

Trade Receivables
The aging of loans and receivables at the reporting date was:

The Group

	Gross	Loss rate	Impairment
	31-Dec-20	**31-Dec-20**	**31-Dec-20**
	N'000	**%**	**N'000**
0-2 months	2,882,100	0.1%	993
2-3 months	181,669	10%	7,150
3-6 months	30,455	25%	4,548
6-12 months	29,162	50%	14,422
More than 12 months	1,583,152	100%	1,210,601
	4,706,538		**1,237,714**

Other Receivables
The aging of loans and receivables at the reporting date was:

	Gross	Loss rate	Impairment
	31-Dec-20	**31-Dec-20**	**31-Dec-20**
	N'000	**%**	**N'000**
0-2 months	16,781,737	-	-
2-3 months	343,660	-	-
3-6 months	1,433,914	-	-
6-12 months	1,488,014	-	-
More than 12 months	5,612,653	100%	637,897
	25,659,979		**637,897**

Notes to the consolidated and separate financial statements

5. Financial risk management (cont'd)

Trade Receivables

The aging of loans and receivables at the reporting date was:

The Company

	Gross	Loss rate	Impairment	Gross	Loss rate	Impairment
	31-Dec-20	**31-Dec-20**	**31-Dec-20**	**31-Dec-19**	**31-Dec-19**	**31-Dec-19**
	N'000	**%**	**N'000**	**N'000**	**%**	**N'000**
0-2 months	2,882,100	0.10%	993	2,799,840	0.24%	2,819
2-3 months	181,669	10%	7,150	152,204	10%	5,299
3-6 months	30,455	25%	4,548	20,143	25%	851
6-12 months	29,162	50%	14,422	50,682	50%	37,700
More than 12 months	1,583,152	100%	1,210,601	1,428,982	100%	1,151,574
	4,706,538		**1,237,714**	**4,451,849**		**1,198,244**

Other Receivables

The aging of loans and receivables at the reporting date was:

	Gross	Loss rate	Impairment	Gross	Loss rate	Impairment
	31-Dec-20	**31-Dec-20**	**31-Dec-20**	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**
	N'000	**%**	**N'000**	**N'000**	**%**	**N'000**
0-2 months	19,561,410	-	-	7,268,793	-	-
2-3 months	343,660	-	-	61,457	-	-
3-6 months	1,433,914	-	-	256,269	-	-
6-12 months	1,488,014	-	-	39,471	50%	10,932
More than 12 months	5,612,657	100%	637,897	6,952,985	100%	1,143,678
	28,439,656		**637,897**	**14,578,976**		**1,154,610**

The Group

Analysis of financial assets impaired.

	Gross	Loss rate	Impairment
	31-Dec-20	**31-Dec-20**	31-Dec-20
	₦'000	**%**	**₦'000**
Trade receivables	4,706,538		1,237,712
PSF Receivables	-	-	-
Advances to contractors	540,000	100%	540,000
Other Receivables	52,545	100%	67,338
Receivables from Property customers	15,709	100%	15,709
Receivables from former employees	14,850	100%	14,850
	5,329,642		**1,875,609**

The average credit year on sales of goods is 60 days. Specific impairment is made for trade receivables that are past due and doubtful of recovery based on the probability of default. Receivables not specifically impaired are impaired collectively using the historical probability of default over the last three reporting years. Trade receivables are considered to be past due when they exceed the credit year granted.

Notes to the consolidated and separate financial statements

5. Financial risk management (cont'd)

Allowance for impairment losses
The Company establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables. Please refer to Note 5 for the ageing of trade and other receivables and related impairment allowances for the Company at the reporting date. The historical provision rates are updated with current and forward looking information

The model used for impairment is explained in note 3.7 above

Investments
The Company actively monitors the credit rating of companies and only invest in liquid securities with companies with high credit ratings. The Company does not expect any counterparty to fail to meet its obligations.

Guarantees
The Company's policy is to provide financial guarantees only to related parties after a careful review of the underlying transaction. Where the underlying transaction does not meet the Company's risk appetite, such transactions are exited.

Estimation uncertainty in measuring impairment loss
The table below shows information on the sensitivity of the carrying amounts of the Group's financial assets to the methods, assumptions and estimates used in calculating impairment losses on those financial assets at the end of the reporting period. These methods, assumptions and estimates have a significant risk of causing material adjustments to the carrying amounts of the Group's financial assets.

i. Expected cashflows recoverable
The table below demonstrates the sensitivity of the Group's profit before tax to a 10% change in the expected cashflows from financial assets, with all other variables held constant:

Group	**Effect on profit before tax 31-Dec-20 ₦'000**
Increase/decrease in estimated cashflows	
+10%	2,915,929
-10%	(2,915,929)

Company	**Effect on profit before tax 31-Dec-20 ₦'000**	**Effect on profit before tax 31-Dec-19 ₦'000**
Increase/decrease in estimated cashflows		
+10%	3,252,930	1,776,062
-10%	(3,252,930)	(1,776,062)

Notes to the consolidated and separate financial statements

5. Financial risk management (cont'd)

Estimation uncertainty in measuring impairment loss (cont'd)

i. Significant unobservable inputs

The table below demonstrates the sensitivity of the Group's profit before tax to movements in the loss given default (LGD) for financial assets, with all other variables held constant:

Group	**Effect on profit before tax 31-Dec-20 ₦'000**
Increase/decrease in loss given default	
+10%	187,561
-10%	(187,561)

Company	**Effect on profit before tax 31-Dec-20 N'000**	**Effect on profit before tax 31-Dec-19 N'000**
Increase/decrease in loss given default		
+10%	187,561	235,286
-10%	(187,561)	(235,286)

The table below demonstrates the sensitivity of the Group's profit before tax to movements in probabilities of default, with all other variables held constant:

Group	**Effect on profit before tax 31-Dec-20 N'000**
Increase/decrease in probability of default	
+10%	187,832
-10%	(187,832)

Company	**Effect on profit before tax 31-Dec-20 N'000**	**Effect on profit before tax 31-Dec-19 N'000**
Increase/decrease in probability of default		
+10%	187,832	235,862
-10%	(187,832)	(235,862)

The table below demonstrates the sensitivity of the Group's profit before tax to movements in the forward-looking macroeconomic indicators, with all other variables held constant:

Notes to the consolidated and separate financial statements

5. Financial risk management (cont'd)

Estimation uncertainty in measuring impairment loss (cont'd)

Group	**Effect on profit before tax 31-Dec-20 N'000**
Increase/decrease in forward looking macroeconomic indicators	
+10%	187,581
-10%	(187,581)

Company	**Effect on profit before tax 31-Dec-20 N'000**	**Effect on profit before tax 31-Dec-19 N'000**
Increase/decrease in forward looking macroeconomic indicators		
+10%	187,581	235,321
-10%	(187,581)	(235,321)

Liquidity Risk

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

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

The Company manages its liquidity process by:

- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Monitoring balance sheet liquidity ratios against internal requirements.
- Managing the concentration and debt profile.
- Usage of overdraft facility to meet liquidity needs.

Lastly, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a year of 365 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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

Notes to the consolidated and separate financial statements

5. Financial risk management (cont'd)

Liquidity Risk (cont'd)

The Group

	Carrying amount ₦'000	Contractual cash flows ₦'000
31 December 2020		
Non-derivative financial liabilities		
Loans and borrowings	5,137,389	5,283,326
Trade and other payables	35,481,426	35,481,426
Bank overdraft	3,819,595	3,819,595
	44,439,410	**44,584,347**

The Company

	Carrying amount ₦'000	Contractual cash flows ₦'000
31 December 2020		
Non-derivative financial liabilities		
Secured bank loans	2,847,762	2,847,762
Trade and other payables	35,437,507	35,437,507
Bank overdraft	3,546,574	3,546,574
	41,828,843	**41,828,843**
31 December 2019		
Non-derivative financial liabilities		
Secured bank loans	5,212,189	6,443,966
Trade and other payables	22,823,177	22,823,177
Bank overdraft	116,773	116,773
	28,152,139	29,383,916

The Group

	6 months or less ₦'000	6-12 months ₦'000	1-2 years ₦'000	2-5 years ₦'000	More than 5 years ₦'000
31 December 2020					
Non-derivative financial liabilities					
Secured bank loans	155,326	3,704,119	1,423,881	-	-
Trade and other payables	-	35,481,426	-	-	-
Bank overdraft	3,819,595	-	-	-	-
	3,974,921	**39,185,545**	**1,423,881**	-	-

Notes to the consolidated and separate financial statements

5. Financial risk management (cont'd)

Liquidity Risk (cont'd)

The Company

	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	₦'000	₦'000	₦'000	₦'000	₦'000
31 December 2020					
Non-derivative financial liabilities					
Secured bank loans	-	1,423,881	1,423,881	-	-
Trade and other payables	-	35,434,507	-	-	-
Bank overdraft	3,546,574	-	-	-	-
	3,546,574	**36,858,388**	**1,423,881**	**-**	**-**
31 December 2019					
Non-derivative financial liabilities					
Secured bank loans	1,610,992	1,610,992	3,221,983		-
Trade and other payables		22,823,177		-	-
Bank overdraft	116,773			-	
	1,727,765	**24,434,169**	**3,221,983**	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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

Foreign Exchange Risk
The foreign exchange (FX) risk management policy shall be considered in all FX transactions. This policy provides guidelines on how foreign exchange risk is managed. The sources of FX risk include Imports of all petroleum products for sale e.g PMS, AGO, Base Oil and ATK, FX denominated operating expenses, Receivables denominated in currency other than the base currency.

Currency Risk
The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than its functional currency. The Company is exposed primarily to US Dollars (USD), Euro (E), and Pound Sterling (GBP).

The Company monitors the movement in currency rates on an ongoing basis to mitigate the risk that the movements in the exchange rates may adversely affect the Company's income or value of their financial instruments.

Interest on borrowings is denominated in the currency of the borrower. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily Naira. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

Notes to the consolidated and separate financial statements

5. Financial risk management (cont'd)

Sensitivity analysis

A change in the exchange rate either positively or negatively by 1000 basis points would have increased/ (decreased) equity and profit or loss by the amount stated 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.

	N'000
+-10%	54,990
+-10%	(54,990)

A weakening of the Naira against the currencies at 31 December 2019 would have increased/(decreased) equity and profit or loss by the amount shown below:

Year end	Increase / decrease in foreign exchange rate
31-Dec-19	55,429

Interest Rate Risk

The Company is exposed to interest rate risk because the Company borrows funds at fixed interest rates and also utilizes overdraft facilities from Banks. This risk is managed by the Company by maintaining an appropriate mix between short and long term borrowings. The risk is also 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.

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

Overdraft	10.75%

The borrowings for the reporting year are highlighted below

The Company
Terms and debt repayment schedule

	Currency	Nominal Interest rate	Year of Maturity	Carrying amount N'000	Present value N'000	Carrying amount N'000
Terms and conditions of outstanding loans were as follows:						
17.5% medium term bond	Naira	17.50%	2021	**2,847,762**	4,573,417	5,212,189
					-	-
Total interest bearing liabilities				**2,847,762**	4,573,417	5,212,189

Notes to the consolidated and separate financial statements

5. Financial risk management (cont'd)

Other market Risk

The Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are recommended by Risk Management Committee and approved by the Executive Committee.

Management is assisted by external advisors in this regard. In accordance with this strategy, certain investments are designated at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis. The company does not enter into commodity contracts other than to meet the expected usage and sale requirements; such contracts are not settled net.

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence at all times and to sustain future development and growth of the business. The Board of Directors monitors capital on the basis of the gearing ratio, which the company defines as total liabilities (non-current liabilities and current liabilities) over total assets (non-current assets and current assets).

The Company manages its capital structure to achieve capital efficiency, maximise flexibility and give the appropriate level of access to debt markets at attractive cost levels. Also, The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The debt to capital ratio at the end of the reporting year was as follows:

	Group	Company	
	Dec-20	**Dec-20**	Dec-19
	₦'000	**₦'000**	₦'000
Total liabilities	46,825,166	44,215,942	30,855,629
Total assets	64,846,460	62,442,701	47,018,954
Gearing ratio as at:	**72%**	**71%**	**66%**

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing its returns to all stakeholders

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

5. Financial risk management (cont'd)

Operational Risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes and controls, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk to be within its risk appetite thus ensuring that the overall control processes and procedures do not restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions/processes.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the yearly assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation approach such as adequate insurance cover on the assets of the Company.

The Operational risk of the Company is identified and monitored through risk management review of operational processes and procedures across departments with the use of Risk Management tool kit such as Risk registers, Control Self- Assessments, Top 20 Risk of the business and Key Risk Indicators Review.

Compliance with the Company's operating standards is also supported by a programme of yearly reviews undertaken by Business Assurance & Compliance (BAC). The results of BAC's reviews are discussed with the management of the business unit while the summaries are submitted to the Audit Committee and Executive Management of the Company.

HSE Risk
The Company is committed to managing a Health, Safety & Environmental system that promotes a safe working environment for all employees, contractors, customers and visitors to our sites. At the Company, Health and Safety has equal importance with all other business activities.

It is the policy of the Company to carry out its activities in a manner that guarantees health and safety of its workers and other stakeholders, the protection of the Company's facilities and the environment and compliance with all regulatory and industry requirements. We consider health, safety and environmental issues as important as our core businesses and assume the responsibility of providing healthy, safe and secure work environment for our workers as required by law.

Our objective is to minimize the number of cases of occupational accidents, illnesses, damage to property and environmental degradation. 55 incidents were reported by various staff from different departments at different locations in 2020 while 45 incidents were reported in 2019.

Notes to the consolidated and separate financial statements

5. Financial risk management (cont'd)

Reputational Risk
Reputational risk is the risk that operations and activities of Ardova will negatively affect its image or public perception.

The Company understands the fact that the losses stemming from reputational exposure may not be quantifiable, thus we have implemented structures and procedures which will help protect the company against such losses.

The Board through the Risk Management committee monitor closely, media publications about the activities of Ardova Plc through Brand and Corporate Communications Unit (BCC) who ensures controls for mitigating reputational risk are active at all times.

We also regularly engage and interact with our stakeholders to know how Ardova Plc is fulfilling their expectations. We improve our performance based on the feedback obtained. Major stakeholders include customers, investors, employees, suppliers, government, regulators, special interest & consumer groups, media and the general public.

Strategic Risk
Strategic risk is the risk that the Group will make inappropriate strategic choices, or that there will be changes in the external environment to which the company fails to adapt its strategies.

The Group organizes a Strategy Review Session to deliberate on issues relating to changes in operating environment that may impact strategy execution and implementation. These include issues on Product sourcing and logistics, FX availability, currency devaluation, changes in government policies and macroeconomic variables and volatilities in crude prices which have implications for profitability, product availability and business growth.

6. Operating segment

The Company has four reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products, and are managed separately. For each of the strategic business units, the Company's CEO reviews internal management reports on at least monthly basis. The following summary describes the operations in each of the Company's reportable segments.

Segment	**Description**
Fuels	This segment is responsible for the sale and distribution of petroleum products (white products) and Aviation Turbine Kerosene (ATK) in retail outlets and to industrial customers.
Lubricants and Greases	This segment manufactures and sells lubricants and greases.
Solar system	This segment sells solar system .
LPG and Cylinder Sales	This segment sells Liquefied Petroleum Gas and cylinder Sales .
Haulage and transportation services	This segment is responsible for haulage and transportation services of products

The accounting policies of the reportable segments are the same as described in notes 2 to 5.

Notes to the consolidated and separate financial statements

6. Operating segment (cont'd)

Information regarding the results of each reportable segment is included below:

	31 DECEMBER 2020						31 DECEMBER 2019				
	Fuels	Lubricants and greases	Solar system	LPG and Cylinder Sales	Haulage and transportation services	TOTAL	Fuels	Lubricants and greases	Solar system	LPG and Cylinder Sales	TOTAL
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Revenue	164,669,846	16,973,991	10,775	9,856	274,210	**181,938,678**	159,245,196	17,249,004	39,097	17,469	176,550,766
Cost of Sales	157,003,947	12,531,775	13,630	8,286	250,493	**169,808,131**	152,387,320	12,822,179	41,102	18,448	165,269,049
Gross Profit / (loss)	**7,665,899**	**4,442,216**	**(2,855)**	**1,570**	**23,717**	12,130,547	6,857,876	4,426,825	(2,005)	(979)	11,281,717
Other income	924,626	539,072	3,479	1,929	155,761	**1,472,068**	2,624,292	1,694,006	(767)	-	**4,317,155**
Distribution expenses	(1,410,172)	(818,023)	(526)	289	-	**(2,233,372)**	(1,386,543)	(895,027)	405	198	**(2,280,966)**
Administrative expenses	(4,567,086)	(2,648,466)	(1,702)	936	(224,396)	**(7,232,279)**	(5,102,176)	(3,293,504)	1,492	728	**(8,393,460)**
	(5,052,632)	**(2,927,417)**	**1,251**	**3,154**	**(68,635)**	**(7,993,582)**	**(3,864,427)**	**(2,494,525)**	**1,130**	**926**	**(6,357,271)**
Operating Profit	**2,613,267**	**1,514,799**	**(1,604)**	**4,724**	**(44,918)**	4,136,966	**2,993,449**	**1,932,300**	**(875)**	**(53)**	**4,924,821**
Net finance cost	(777,929)	(453,514)	(290)	159	(93,121)	(1,231,477)	(164,308)	(106,438)	49	23	(270,299)
Profit before income tax	**1,835,388**	**1,061,285**	**(1,894)**	**4,883**	**(138,039)**	**2,905,489**	**2,829,141**	**1,825,862**	**(826)**	**(30)**	**4,654,147**
Income tax expense/credit	(661,980)	(383,603)	247	(136)	-	**(1,047,520)**	(449,224)	(289,978)	131	64	**(739,007)**
Profit after tax	**1,173,358**	**677,682**	**(1,647)**	**4,747**	**(138,039)**	**1,857,969**	**2,379,917**	**1,535,884**	**(695)**	**34**	**3,915,140**

The Company's CEO measures performance based on segment profit before income tax, as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments.

The measurement policies the Company uses for segment reporting are the same as those used in its financial statements. There have been no changes from prior years in the measurement methods used to determine reported segment profit or loss.

Revenue of approximately NGN54,481,070,797 billion are derived from ten external customers 90% of these revenues are attributable to the fuels segment.

The geographical location of the Company operations is Nigeria, operations outside Nigeria are non-existent and do not constitute a segment.

There is no disclosure of assets and liabilities per business segment because the assets and liabilities of the Company are not directly related to a particular business segment.

Notes to the consolidated and separate financial statements

		Group	Company	
		31-Dec-20	**31-Dec-20**	**31-Dec-19**
		₦'000	**₦'000**	₦'000
7.0	**Revenue & Cost of Sales**			
7.1.	**Revenue**			
	Fuels	164,669,846	164,669,846	159,245,196
	Lubricants and greases	16,973,991	16,973,991	17,249,004
	Solar system	10,775	10,775	39,097
	Liquefied Petroleum Gas (LPG) and Cylinder Sales	9,856	9,856	17,469
	Haulage and transportation services	274,211	-	-
		181,938,679	**181,664,468**	176,550,766
7.2.	**Cost of Sales**			
	Fuels	157,003,947	157,003,947	152,387,320
	Lubricants and greases	12,531,775	12,531,775	12,822,179
	Solar system	13,630	13,630	41,102
	Liquefied Petroleum Gas (LPG) and Cylinder Sales	8,286	8,286	18,448
	Haulage and transportation services	250,493	-	-
		169,808,131	**169,557,638**	165,269,049

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		Group	Company	
		31-Dec-20	**31-Dec-20**	**31-Dec-19**
		₦'000	**₦'000**	₦'000
8.	**Other income**			
	Investment property rental income	176,521	176,521	275,182
	Throughput income (Note 8.1)	90,749	90,749	537,360
	Foreign exchange gain	37,216	37,112	12,436
	Sundry income (Note 8.2)	222,473	222,473	328,727
	Provisions no longer required	517,084	517,084	23,054
	Freight income (Note 8.3)	155,761	155,761	404,090
	Gain on disposal of property, plant and equipment	273,006	273,006	9,997
	Gain on disposal of subsidiary (Note 8.4)	-	-	2,674,891
	Net income from crude lifting contract (Note 8.5)	-	-	51,419
		1,472,068	**1,471,964**	4,317,155

8.1 This represents throughput income earned on storage of products for the Pipeline and Petroleum Marketing Company (PPMC) and other petroleum marketers in Apapa tank farm during the year.

8.2 This represents income from sales of scrap and empty packaging materials.

8.3 This relates to income earned by the company from transportation of petroleum products

Notes to the consolidated and separate financial statements

8.4 During the period ended 31 March 2019, Ardova Plc disposed its subsidiaries, Amperion Power Distribution Company Limited (Amperion), Forte Upstream Services Limited (FUS) and AP Oil and Gas Ghana, the disposal of Amperion and FUS resulted in a gain of N1.55 billion and N1.23 billion respectively, totalling N2.78 billion. The disposal of AP Oil and Gas Ghana resulted in a loss of N108 million resulting in a net gain of N2.67 billion as presented below:

	FUS	APOG	Total
	₦'000	**₦'000**	**₦'000**
Consideration	1,242,849	28,838	12,971,687
Total value of Investment in Subsidiary	(10,000)	(1,094,961)	(11,254,887)
Provision for Dimunition in value of investment	-	958,091	958,091
Gain/(Loss) on disposal	1,232,849	(108,033)	2,674,891

8.5 This represents net income from crude oil lifitng contract executed with the Nigerian National Petroleum Corporation (NNPC) to lift out of the total crude allocation.

Notes to the consolidated and separate financial statements

		Group 31-Dec-20 ₦'000	Company 31-Dec-20 ₦'000	Company 31-Dec-19 ₦'000
9a.	**Expenses by nature**			
9a.1.	**Selling, distribution expenses**			
	Fuels - freight	1,976,960	1,976,960	2,005,260
	Lubes - freight	245,037	245,037	270,464
	Commissions	11,374	11,374	5,242
		2,233,371	**2,233,371**	**2,280,966**
9a.2.	**Administrative Expenses**			
	Personnel expenses (Note 9a.2.1)	1,793,509	1,756,554	2,402,697
	Depreciation and amortisation	1,479,782	1,479,253	2,151,459
	Bank charge	153,881	103,876	169,056
	Transport and travel costs	145,644	145,644	439,560
	Repairs and maintenance	658,443	652,246	613,628
	Safety security and quality control	217,085	200,642	240,419
	Insurance	188,224	177,203	210,149
	Internet, communication and subscription	171,317	166,694	108,532
	Utilities	136,826	136,826	116,664
	Professional and legal fees	481,214	387,400	341,721
	Audit fees	38,700	34,937	34,125
	Board and AGM expenses	55,835	55,835	96,755
	Licenses, rates and fees	229,253	229,253	141,994
	Public relations, promotions and advertisement	301,331	300,281	176,922
	Rent and leases	469,558	469,558	227,676
	Bad and uncollectible debt	64,027	64,027	9,357
	Impairment charge	39,468	39,468	69,436
	Shrinkage and product losses	559,282	559,282	265,220
	Loss on disposal of property, plant and equipment	7,583	7,583	40,064
	Printing and stationery expenses	13,701	13,701	15,479
	Director fees	5,200	5,200	950
	Other expenses	22,416	22,416	521,597
		7,232,279	**7,007,879**	8,393,460
9a.2.1	**Personnel expenses**			
	Salaries, wages and allowances	1,161,675	1,131,198	1,195,287
	Contributions to pension fund scheme	63,341	61,575	77,349
	Gratuity and redundancy cost	-	-	611,257
	Training, recruitment and canteen expenses	107,937	106,083	109,611
	Medical expenses	43,686	41,602	43,602
	Contract Manpower	389,951	389,385	344,473
	Other personnel expenses	26,919	26,711	21,118
		1,793,509	**1,756,554**	2,402,697

Notes to the consolidated and separate financial statements

		Group 31-Dec-20 ₦'000	Company 31-Dec-20 ₦'000	Company 31-Dec-19 ₦'000
9b.	**Expenses by function**			
	Cost of sales (Note 7.1.2)	169,808,131	169,557,638	165,269,049
	Selling, distribution expenses (Note 9a.1)	2,233,372	2,233,371	2,280,966
	Administrative expenses (Note 9a.2)	7,232,279	7,007,879	8,393,460
		179,273,781	**178,798,888**	**175,943,475**

10.	**Finance income and finance cost**			
		₦'000	**₦'000**	**₦'000**
	Finance income			
	Interest income on bank deposits (Note 10.1)	85,683	85,683	185,604
	Other interest income	185,266	184,141	4,369,491
	Total Finance income	**270,949**	**269,824**	**4,555,095**
		₦'000	**₦'000**	**₦'000**
	Finance costs			
	Interest on medium term bond	(857,557)	(857,557)	(1,258,646)
	Interest expense on bank loans and overdrafts (Note 10.1)	(644,869)	(550,623)	(1,333,613)
	Discounting of promissory notes	-	-	(2,233,135)
	Total Finance cost	**(1,502,426)**	**(1,408,180)**	**(4,825,394)**
	Net finance costs	**(1,231,477)**	**(1,138,356)**	**(270,299)**

10.1. Interest income represents income earned on bank deposits while interest expense represents charges paid on trade finance, loans and overdraft facilities utilised during the period.

10.2.	**Other interest income.**	**Group 31-Dec-20 ₦'000**	**Company 31-Dec-20 ₦'000**	**Company 31-Dec-19 ₦'000**
	Interest and foreign exchange differentials on subsidy	-	-	3,947,483
	Interest on loan and receivables	-	-	158,648
	Interest income on bank credit balances and other Interest income	185,266	184,141	263,360
		185,266	**184,141**	**4,369,491**

Notes to the consolidated and separate financial statements

11. Taxation

	Group 31-Dec-20 ₦'000	Company 31-Dec-20 ₦'000	Company 31-Dec-19 ₦'000
a) Income tax expense			
Income tax	1,088,474	1,088,474	904,224
Education tax	67,701	67,701	66,819
Nigerian Police Trust Fund	160	160	184
Capital Gain Tax	-	-	151
	1,156,335	1,156,335	971,378
Deferred tax (credit)/charge	(108,815)	(20,581)	(232,371)
Total income tax expense/(credit)	**1,047,520**	**1,135,754**	**739,007**

b) Effective tax rate	**₦'000**	**₦'000**	**₦'000**
Profit for the year	1,857,969	2,063,434	3,915,140
Profit before taxes	1,857,969	2,063,434	3,915,140
Income tax reported in the statement of profit or loss	1,047,520	1,135,754	739,007
Total income taxes	**1,047,520**	**1,135,754**	**739,007**
Profit before taxes	**2,905,489**	**3,199,188**	**4,654,147**
Effective tax rates	**36%**	**36%**	**16%**

c) Effective tax rate reconciliation

The income tax charge for the year can be reconciled to the accounting profit as follows:

Profit before taxes	**2,905,489**	**3,199,188**	4,654,147
Income tax expense at 30%	871,647	959,756	1,396,244
Effect of income exempt from taxation	(1,103,968)	(1,103,968)	(972,616)
Effect of expenses not deductible for taxation	1,193,521	1,193,521	551,491
Effect of capital allowance	(1,005,573)	(1,005,573)	(616,202)
Effect of balancing charge	629,586	629,586	27,526
Loss effect	-	-	-
Capital gains tax	-	-	151
Education tax	67,701	67,701	66,819
Underprovision/(Overprovision)	-	-	-
Minimum tax	1,088,474	1,088,474	904,224
The Nigerian Police Trust Fund	160	160	184
Deferred tax	(108,815)	(20,581)	(232,371)
Total income tax expense	**1,047,520**	**1,135,754**	739,007

The company income tax computation for the year ended 31 December 2020 was based on the provisions of the Company Income Tax Act Cap C21 LFN 2004 and Finance act 2020

Education tax was computed at the rate of 2% of assessable profit in accordance with the provisions of the Act.

Notes to the consolidated and separate financial statements

11. Taxation (cont'd)

	Group 31-Dec-20 ₦'000	Company 31-Dec-20 ₦'000	Company 31-Dec-19 ₦'000
b) Movement in current tax liability balance			
Liability as at 1 January	976,632	976,632	296,217
Income tax for the year	1,156,335	1,156,335	971,378
Payments during the year	(957,375)	(957,375)	(209,058)
Withholding tax utilised	-	-	(81,905)
	1,175,592	**1,175,592**	**976,632**

12. Earnings per share

	Group 31-Dec-20	Company 31-Dec-20	Company 31-Dec-19
Profit attributable to ordinary shareholders			
Profit attributable to ordinary shareholders (N'000)	1,857,969	2,063,434	3,915,140
Profit attributable to ordinary shareholders (N'000)	**1,857,969**	**2,063,434**	3,915,140
Weighted average number of ordinary shares			
Issued ordinary shares at 1 January * ('000)	**1,310,629**	**1,310,629**	1,310,629
Treasury shares ('000)	**(5,599)**	**(5,599)**	(5,599)
Weighted average number of ordinary shares ('000)	**1,305,030**	**1,305,030**	1,305,030
Basic/diluted earnings per share in (N)	**1.42**	**1.58**	3.00

The group's basic earnings per share of N1.42kobo (December 2019 : N3.00kobo) is based on the profit attributable to ordinary shareholders of N1,857,969,000 (December 2019 : N3,915,140,000) on the 1,305,030,180 (December 2019 : 1,305,030,180) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the current and same period of the preceding year.

Dilutive instruments
There were no dilutive instruments in the books of the Company for the period ended 31 December, 2020.

Notes to the consolidated and separate financial statements

13 Property, plant and equipment.

The Group

	Land ₦'000	Building ₦'000	Plant, Equipment ₦'000	Computer equipment ₦'000	Furniture & fittings ₦'000	Motor Vehicle ₦'000	Construction Work in progress ₦'000	Total ₦'000
Balance at 1 January 2020	5,082,009	3,433,044	8,931,692	390,948	27,244	4,011,475	227,785	22,104,198
Additions	10,000	53,711	328,646	60,348	15,207	295,759	5,170,527	5,934,198
Transfer		221,805	-	-	-	-	(221,805)	-
Disposals	-	-	(80,313)	(166)	-	(2,264,531)	-	(2,345,010)
Balance at 31 December 2020	**5,092,009**	**3,708,560**	**9,180,025**	**451,130**	**42,451**	**2,042,704**	**5,176,507**	**25,693,386**
Depreciation and impairment losses								
Balance at 1 January 2020	444,646	1,771,330	6,404,111	348,660	26,972	1,995,076	-	10,990,795
Charge for the period	59,670	170,588	550,920	37,307	4,324	257,370	-	1,080,179
Disposals	-	-	(79,968)	(166)	(3,277)	(1,514,525)	-	(1,597,936)
Balance at 31 December 2020	**504,316**	**1,941,918**	**6,875,063**	**385,801**	**28,019**	**737,921**	**-**	**10,473,038**
Carrying amounts								
Balance at 1 January 2020	**4,637,363**	**1,661,714**	**2,527,581**	**42,288**	**272**	**2,016,399**	**227,785**	**11,113,403**
Balance at 31 December 2020	**4,587,693**	**1,766,642**	**2,304,962**	**65,329**	**14,432**	**1,304,783**	**5,176,507**	**15,220,348**

(a) Depreciation charge of N1,080,179,000 is included in administrative expenses in the statement of profit or loss and other comprehensive income.

(b) There was no impairment charge on property, plant and equipment during the period.

Notes to the consolidated and separate financial statements

13 Property, plant and equipment.

The Company	Land ₦'000	Building ₦'000	Plant, equipment and tanks ₦'000	Computer equipment ₦'000	Furniture & fittings ₦'000	Motor Vehicles ₦'000	Construction Work in progress ₦'000	Total ₦'000
Cost								
Balance at 1 January 2019	3,702,195	2,769,493	8,736,266	377,199	27,244	3,034,278	47,318	18,693,993
Additions	1,447,457	658,379	333,974	14,089	-	1,134,352	227,785	3,816,036
Transfer (Note c)	40,000	5,512	1,806	-	-	-	(47,318)	-
Disposals	(107,643)	(340)	(140,354)	(340)	-	(153,877)	-	(402,554)
Balance at 31 December 2019	**5,082,009**	**3,433,044**	**8,931,692**	**390,948**	**27,244**	**4,014,753**	**227,785**	**22,107,475**
Additions	10,000	53,711	328,646	54,213	11,843	295,759	119,500	873,672
Transfer	-	221,805	-	-	-	-	(221,805)	-
Disposals	-	-	(80,313)	(166)	-	(2,264,531)	-	(2,345,010)
Balance at 31 December 2020	**5,092,009**	**3,708,560**	**9,180,025**	**444,995**	**39,087**	**2,042,704**	**125,480**	**20,632,860**
Depreciation and impairment losses								
Balance at 1 January 2019	423,347	1,604,286	5,839,687	314,460	20,741	1,698,284	-	9,900,805
Charge for the period	42,984	167,293	605,016	34,448	6,231	393,683	-	1,249,655
Disposals	(21,685)	(249)	(40,592)	(248)	-	(96,891)	-	(159,665)
Balance at 31 December 2019	444,646	1,771,330	6,404,111	348,660	26,972	1,995,076	-	10,990,795
Charge for the period	59,670	170,588	550,920	37,114	3,988	257,370	-	1,079,650
Disposals	-	-	(79,968)	(166)	(3,277)	(1,514,525)	-	(1,597,936)
Balance at 31 December 2020	**504,316**	**1,941,918**	**6,875,063**	**385,608**	**27,683**	**737,921**	**-**	**10,472,509**
Carrying amounts								
Balance at 1 January 2019	3,278,848	1,165,207	2,896,579	62,739	6,503	1,332,716	47,318	8,789,910
Balance at 31 December 2019	**4,637,363**	**1,661,714**	**2,527,581**	**42,288**	**272**	**2,016,399**	**227,785**	**11,116,680**
Balance at 31 December 2020	**4,587,693**	**1,766,642**	**2,304,962**	**59,387**	**11,404**	**1,304,783**	**125,480**	**10,160,351**

(a) Depreciation charge of N1,079,650,000 (December 2019: N1,249,655,000) is included in administrative expenses in the statement of profit or loss and other comprehensive income.

(b) There was no impairment charge on property, plant and equipment during the period.

Notes to the consolidated and separate financial statements

	Group 31-Dec-20 ₦'000	Company 31-Dec-20 ₦'000
14. Right of use assets		
Lease property		
Cost		
Balance at 31 December 2019	2,185,044	2,185,044
Right of use under construction	10,500	10,500
Addition	277,999	277,999
Balance at 31 December 2020	**2,473,543**	**2,473,543**
Depreciation		
Balance at 1 January 2020	808,574	808,574
Charge for the year	339,108	339,108
Balance at 31 December 2020	**1,147,682**	**1,147,682**
Carrying amount		
Balance at 31 December 2019	**1,376,470**	**1,376,470**
Balance at 31 December 2020	**1,325,861**	**1,325,861**

(a) Additions to right of use assets during year was N288,499,000 (2019; N245,542,000)

(b) Depreciation charge of N339,107,766 is included in administrative expenses in the statement of profit or loss and other comprehensive income.

(c) The Company has leases for some of its retail outlet. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and no lease liability was recognised because the full lease payment for the leased periods was made to the lessor at the contract inception.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company.

Some leases contain where the lessee is desirous of renewing the lease, a written notice to that effect shall be sent to the lessor who when satisfied shall accede to the renewal with the liberty to call for a revised lease payment and other conditions to meet the exigencies of the material. The Company is prohibited from selling the underlying leased assets. It is also stated that the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

(d) No impairment charge on lease property during the year.

(e) Right-of use asset	**No of right-of use assets**	**Leased Range of remaining term**	**Average remaining lease term**
Leased Property	89	5 - 25 years	15years

(f) Amount recognised in profit or loss	**₦'000**
Short term lease	469,558
	469,558

Notes to the consolidated and separate financial statements

		Group N'000	Company ₦'000
15.	**Investment property**		
	Balance at 31 December 2019	**2,235,584**	**2,235,584**
		-	
	Balance at 31 December 2020	**2,235,584**	**2,235,584**
		-	
	Depreciation	-	
	Balance at 1 January 2020	703,589	703,589
	Charge for the year	25,449	25,449
	Balance at 31 December 2019	729,038	729,038
	Charge for the year	25,449	25,449
	Balance at 31 December 2020	**754,487**	**754,487**
	Carrying amount	-	
	At 31 December 2019	**1,506,546**	**1,506,546**
	At 31 December 2020	**1,481,097**	**1,481,097**

(a) Investment property comprises of a number of commercial properties that are leased to third parties. The lease year ranges between 1 - 5 years. Investment properties are carried at cost/deemed cost. The carrying amount of investment property is separated between lease hold land and buildings. Lease hold land is amortised over the lease year while building is depreciated on a straight line basis over the estimated useful life at 4% per annum.

(b) During the year ended 31 December 2020, the Company recognised N176,521,000 (2019 : N275,182,000) as rental income in statement of profit or loss.

(c) Depreciation charge of N25,499,000 (2019 : N25,499,000) is included in administrative expenses in the statement of profit or loss and other comprehensive income.

(d) The fair value of the investment properties as at 31 October 2020 was N6,725,900,000. The fair valuation was carried out by Jide Taiwo & Co. (FRC2012/NIESV/000000254) and Ismail & Partners (FRC/2012/NIESV/00000000245). These valuations indicate upward movement in the market values of these properties compared to their carrying amounts, hence no indication of impairment for all investment properties. Directors are of the view that the fair value of these properties as at 31 December, 2020 are not materially different from the values obtained at 31 October, 2020 and have therefore not recognised any impairment charge during the period.

(e) No impairment charge on investment properties during the year.

Notes to the consolidated and separate financial statements

	Group 31-Dec-20 ₦'000	Company 31-Dec-20 ₦'000
16. Intangible assets		
Cost		
Balance at 1 January 2019	1,034,366	1,034,366
Acquisitions	-	-
Balance at 31 December 2019	1,034,366	1,034,366
Addition	-	-
Software under construction	5,860	-
Balance at 31 December 2020	**1,040,226**	**1,034,366**
Amortisation		
Balance at 1 January	890,555	890,555
Charge for the year	71,058	71,058
Balance at 1 January	**961,613**	**961,613**
Charge for the year	**35,046**	**35,046**
Balance at 31 December 2020	**996,659**	**996,659**
Carrying amounts		
Balance at 31 December 2019	**72,753**	**72,753**
Balance at 31 December 2020	**43,567**	**37,707**

(a) This relates to purchase of softwares.
(b) The amortisation charge on intangible assets of N35,046,000 (December 2019 : N71,058,000) is included in administrative expenses in the statement of profit or loss.
(c) No impairment charge on intangible assets during the period.

	Group 31-Dec-20 ₦'000	Company 31-Dec-20 ₦'000
17. Receivables from Trucks Disposal (Note 17a)	4,591	4,591

17a. This balance represents the non-current portion of receivables from the disposal of some of the group's delivery trucks to third party transporters

	31-Dec-20 ₦'000	31-Dec-20 ₦'000
18. Investment in Mobile Power	50,890	50,890

This amount represent the cost of the company's equity investment in Mobile Power Limited.

19. Investment in subsidiary

	Company % of ownership	₦'000
Equity:		
Axles and Cartage Limited	100	**1,000**

Notes to the consolidated and separate financial statements

19. Investment in subsidiary (cont'd)

Impairment allowance

Total investment in subsidiaries
The consolidated financial statements include the financial statements of Ardova Plc and its subsidiary; Axles and Cartage Limited

	Assets	Liabilities	Net
	2020	2020	2020
20a. The Group	₦'000	₦'000	₦'000
i) Recognised deferred tax assets and liabilities			
Deferred tax assets and liabilities are attributable to the following:			
Property, plant and equipment	-	1,211,164	**(1,211,164)**
Trade receivables	371,313	-	**371,313**
Other receivables	191,369	-	**191,369**
Foreign Exchange Movement	(11,393)	-	**(11,393)**
Other liabilities	-	-	**-**
Tax losses carried forward	87,891	-	**87,891**
	639,181	**1,211,164**	**(571,983)**

ii) Movement in temporary differences during the period

	₦'000	₦'000	N'000	₦'000	₦'000
Property, plant and equipment	(1,463,954)	252,790	-	-	**(1,211,164)**
Trade receivables	359,473	11,840	-	-	**371,313**
Other receivables	346,383	(155,014)	-	-	**191,369**
Foreign Exchange Movement	(1,571)	(9,822)			**(11,393)**
Other liabilities	78,871	(78,871)	-	-	**-**
Tax losses carried forward	-	87,891			**87,891**
	(680,798)	108,815	-	-	**(571,983)**

	2020	2019	2020	2019	2020	2019
20b. The Company	₦'000	₦'000	₦'000	N'000	₦'000	₦'000
i) Recognised deferred tax assets and liabilities						
Deferred tax assets and liabilities are attributable to the following:						
Property, plant and equipment	-	-	1,211,507	1,463,956	(1,211,164)	(1,463,954)
Trade receivables	371,313	538,666	-	-	371,313	359,473
Other receivables	191,369	167,190	-	-	191,369	346,383
Foreign Exchange Movement	(11,393)		-		(11,393)	(1,571)
Other liabilities		77,301	-	-	-	78,871
	551,290	783,157	**1,211,507**	1,463,956	**(660,217)**	(680,798)

ii) Movement in temporary differences during the period

	₦'000	**₦'000**	**N'000**	**₦'000**	**₦'000**
Property, plant and equipment	(1,463,954)	252,447	-	-	**(1,211,507)**
Trade receivables	359,473	11,840	-	-	**371,313**
Other receivables	346,383	(155,014)	-	-	**191,369**
Foreign Exchange Movement	(1,571)	(9,822)			**(11,393)**
Other liabilities	78,871	(78,871)	-	-	**-**
	(680,798)	20,581	-	-	**(660,217)**

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	31-Dec-20	**31-Dec-20**	**31-Dec-19**
		₦'000	₦'000
21. Inventories			
White products	10,241,902	10,241,902	7,078,251
Raw materials	2,004,848	2,004,848	3,820,907
Packaging materials	152,604	152,604	109,363
Semi-finished goods of lubricants	108,033	108,033	102,786
Finished goods of lubricants	1,752,419	1,752,419	1,296,653
Inventory -Solar System	44,710	44,710	65,025
Consumables (Note 20.2)	249,092	231,198	361,388
	14,553,608	**14,535,714**	12,834,373

Notes to the consolidated and separate financial statements

21.1 During the year, N169,771,069,000 (December 2019 : N165,269,049,000) of inventory was sold and recognised as cost of sales in the statement of profit or loss.

21.2 Consumables include spare parts for retail outlets, equipment maintenance and stationery for office use.

		Group 31-Dec-20 ₦'000	Company 31-Dec-20 ₦'000	Company 31-Dec-19 ₦'000
22.	**Trade receivables**			
	Trade receivables (Note 22.1)	4,706,538	4,706,538	4,451,848
	Impairment allowance – Trade receivables (Note 22.6)	(1,237,712)	(1,237,712)	(1,198,244)
		3,468,826	**3,468,826**	**3,253,604**
22a	**Other receivables**			
	Petroleum Support Fund receivable (Note 22.2)	-	-	6,230,423
	Notes receivable (Note 22.3)	4,120,697	4,120,697	640,082
	Advance payment to suppliers (Note 22.8)	18,194,518	17,604,184	5,524,009
	Receivables on Truck Disposal (Note 22.4)	562,755	562,755	-
	Interest receivable	31,524	31,524	85,525
	Withholding tax recoverable	25,403	25,403	44,580
	Other receivables (Note 22.5)	1,549,570	4,969,309	828,728
	Petroleum Equalisation Fund (PEF) payable (Note 22.7)	686,232	686,232	-
		25,170,699	28,000,104	13,353,347
	Impairment allowance – Other receivables (Note 22.6)	(637,897)	(637,897)	(1,154,610)
		24,532,802	**27,362,207**	**12,198,737**
		₦'000	**₦'000**	**₦'000**
22b	**Prepayments**			
	Prepayments	296,562	247,097	995,927
	Prepaid staff expenses	192,718	192,455	229,703
		489,280	**439,552**	**1,225,630**
	Trade and other receivables Notes (a+b)	**28,480,908**	**31,270,585**	**16,677,971**

22.1 The Company carries out periodic review and financial assessment of customers before products are supplied on credit. Credit customers are categorised according to the determined default risk rating. High risk customers are required to provide bank guarantees for credit sales. The Credit Committee assesses the status of all credit customers periodically. See Note 4.11 (Impairment) and Note 6 (Financial Risk Management).

22.2 This balance relates to outstanding subsidy receivable from Petroleum Products Pricing Regulatory Agency (PPPRA) which represents interest on delayed payments and foreign exchange differential claims under the PSF scheme recoverable from PPPRA on PMS imported by Ardova Plc. The foreign exchange differential represents differences between the rate used by PPPRA in pricing Power Motor Spirit (PMS) and the actual rates the foreign exchange in respect of these products importation were purchased. Promissory notes were issued to the oil marketers as part settlement of these outstanding in December, 2018, July, 2019 and April, 2020.

Notes to the consolidated and separate financial statements

22.3 This balance represents promissory notes received from the Federal Government for outstanding subsidy. Maturity of the notes are March 2023 and March 2024.

22.4 This balance represents the current portion of receivables from the group's disposal of delivery trucks to third party transporters during the year.

22.5

	Group 31-Dec-20 ₦'000	Company 31-Dec-20 ₦'000	Company 31-Dec-19 ₦'000
Other receivables			
Related Party receivables - Axles and cartage	-	3,423,428	-
Related Party receivables - Prudent Energy	3,464	-	-
Other debtors	1,546,106	1,545,881	828,728
	1,549,570	**4,969,309**	828,728

22.6.

Impairment allowance	31-Dec-20	31-Dec-20 ₦'000	31-Dec-19 ₦'000
At 1 January	2,352,854	2,352,854	2,293,105
Increase during the period	39,468	39,468	69,436
Allowance no longer required	(516,712)	(516,712)	(9,687)
	1,875,610	**1,875,610**	2,352,854

22.7 This balance relates to bridging allowance net of bridging claims due to Petroleum Equalisation Fund (PEF). Bridging claims, raised against the Federal Government of Nigeria, are costs incurred in transporting white products (excluding deregulated products) from specific PPMC depots to approved areas. Bridging allowances are compulsory contributions on each litre of white product lifted, to assist the Federal Government defray costs arising from bridging claims. Bridging claims are usually set off against bridging allowances to establish the net amount due to, or from the PEF, an organ of the Federal Government of Nigeria responsible for managing the process.

22.8 This balance mainly consists of deposits for products made by the company to its primary suppliers as at December 2020

23. Restricted cash*

	Group 31-Dec-20	Company 31-Dec-20 ₦'000	Company 31-Dec-19 ₦'000
	30,127	30,127	19,707

This represents cash set aside and held with the bank in conformity with the bond agreement and order of court. The portion set aside for the bond is used solely for the repayment of the bond liability and not for any operational needs.

24. Cash and cash equivalents

	31-Dec-20 ₦'000	31-Dec-20 ₦'000	31-Dec-19 ₦'000
Bank balances	2,329,663	2,316,867	1,376,867
Short-term deposits (Note 24.1)	676,620	676,620	607,393
Cash and bank balances	**3,006,283**	**2,993,487**	1,984,260
Bank overdrafts used for cash management purposes (Note 24.2)	(3,819,595)	(3,546,574)	(116,773)
Cash and cash equivalents in the statement of cash flows	**(813,312)**	**(553,087)**	1,867,487

Notes to the consolidated and separate financial statements

24 Bank balances and short term deposits with banks represent placements with banks for period between 0 - 180 days. Included in these are unclaimed dividends amounting to N602,270,000 (Dec 2019 : N605,881,099) held in a separate bank account in accordance with the guidelines of the Security and Exchange Commission (SEC). The unclaimed dividend deposit is restricted for use by the Company.

25 This represents the overdrawn current account balances with four Nigerian banks. These facilities have an average interest rate of 10.75%

26. Share capital and reserves

		31-Dec-20	31-Dec-20	31-Dec-19
		₦'000	**₦'000**	₦'000
	Ordinary shares			
a)	**Authorised ordinary shares:**			
	4,000,000,000 ordinary shares of 50k each	2,000,000	2,000,000	2,000,000
b)	**Issued and fully paid ordinary shares of 50k each**			
	1,310,629,267 ordinary share of 50k each	655,314	655,314	655,314

		31-Dec-20	31-Dec-20	31-Dec-19
			Units	Units
c)	**Shares outstanding**			
	Issued ordinary shares at 1 January	1,310,629	1,310,629	1,310,629
	Treasury shares	(5,599)	(5,599)	(5,599)
	Number of ordinary shares	**1,305,030**	**1,305,030**	**1,305,030**

**These are in thousand units.*

		31-Dec-20	31-Dec-20	31-Dec-19
			₦'000	₦'000
d)	**Share premium**	8,071,943	8,071,943	8,071,943

e) **Other reserves**

Other reserves represent the carried forward, other comprehensive income and expenses plus current period other comprehensive income attributable to shareholders.

Notes to the consolidated and separate financial statements

26. Share capital and reserves (cont'd)

f) Retained earnings

Retained earnings represent the carried forward recognised income net of expenses plus current period income attributable to shareholders.

	Group 31-Dec-20 ₦'000	Company 31-Dec-20 ₦'000	Company 31-Dec-19 ₦'000
Balance at 1 January	8,829,683	8,829,683	6,418,039
Adjustment	-	-	(2,711)
Profit for the year	1,857,969	2,063,434	3,915,140
Dividend paid	-	-	(1,500,785)
	10,687,652	**10,893,117**	**8,829,683**

g) Treasury stocks

This represents 5,599,087 units (at the market value of N248 as at the date of the transfer) amounting to N1,388,573,576 of the company's existing shares transferred to Ardova Plc to enable the Company recover the dividend and interest received on unpaid shares in 2009 by a shareholder. These shares were seized by the company on the ruling of the Security and Exchange Commission (SEC). The shareholders at the 37th Annual General Meeting held on the 26th of April, 2016 approved the re-issue of these shares to existing shareholders of the company on a pari passu basis at the market price of N300 per share.

27. Long term employee benefits

The Company operated a funded long term employees plan (gratuity) for qualifying employees of the Company. Under the plan, the employees were entitled to a lump sum benefits on attainment of a retirement age or on disengagement after contributing a specific number of years in service. No other post-retirement benefits were provided to these employees. The most recent actuarial valuations of the present value of the defined benefit obligation were carried out as at 31 December 2019 by KMC Actuarial Service. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method with actuarial valuation being carried out at the end of each reporting period.

At 31 December, 2019, the company discontinued accruing for gratuity. On this basis, payment were made against the staff gratuity accrued till 31 December 2019 in January 2020. As a result of the management decision to discontinue accruing for gratuity, the outstanding provision for gratuity and planned assets were reclassified at the year ended 31 December, 2019. However the planned assets in the Statement of Financial Position is the balance after the payment of all sums due to the employees of the company.

The movement in the present value of the other long term employee benefits was as follows:

	Group 31-Dec-20 ₦'000	Company 31-Dec-20 ₦'000	Company 31-Dec-19 ₦'000
Gratuity liability at 1 January	262,902	262,902	468,546
Current service costs	-	-	328,735
Transfer of employee service cost	-		9,072
Provision no longer required	(371)	(371)	(13,368)
Payment during the period	(262,531)	(262,531)	(530,084)
	-	-	**(262,902)**

Notes to the consolidated and separate financial statements

27. Long term employee benefits (cont'd)

	Group 31-Dec-20 ₦'000	Company 31-Dec-20 ₦'000	Company 31-Dec-19 ₦'000
Gratuity liability	-	-	262,902
Planned asset at 1 January	(647,037)	(647,037)	(563,910)
Redemption	699,252	699,252	
Actual return on planned assets	(52,215)	(52,215)	(83,127)
	-	-	(384,135)
Expense recognised in comprehensive income			
Current service costs	-	-	328,735
Return on planned assets	(52,215)	(52,215)	(83,127)
Charged to profit or loss	**(52,215)**	**(52,215)**	245,608

28. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group 31-Dec-20 ₦'000	Company 31-Dec-20 ₦'000	Company 31-Dec-19 ₦'000
Non-current			
Medium term bond	-	-	2,735,388
	-	-	2,735,388
Current			
Loans and borrowings	2,289,627	-	-
Medium term bond (26.1)	2,847,762	2,847,762	2,476,801
	5,137,389	**2,847,762**	5,212,189

28.1 Loan movement

	Group 31-Dec-20 ₦'000	Company 31-Dec-20 ₦'000	Company 31-Dec-19 ₦'000
At 1 January	5,212,189	5,212,189	9,246,986
Addition	2,289,627		
Interest cost for the year	1,502,426	1,408,180	2,592,258
Principal Repayment	(2,364,427)	(2,364,427)	(5,438,107)
Interest Repayment	(1,502,426)	(1,408,180)	(1,188,948)
At 31 December	**5,137,389**	**2,847,762**	5,212,189

28.2 In December 2016, The company issued N9billion unsecured corporate bond for a 5year tenor and at a coupon and effective interest rate of 17.5% and 19.43% respectively.

The net proceeds were used to refinance existing commercial bank loan obligations and to immediately finance the company's retails outlet expansion strategy.

Notes to the consolidated and separate financial statements

28. Loans and borrowings (cont'd)

The restriction to the bonds issued are as follows but not limited to below:-

a give prior notice to the Trustees of any proposed redemption and, if it shall have given Notice to the Bondholders of its intention to redeem any Bonds, duly proceed to redeem such Bonds accordingly.

b not (and ensure that none of its Subsidiaries shall) without the consent of the Bondholders and Trustees:

b(i) incur any Indebtedness above the sum of Five Billion Naira (N5,000,000,000);

b(ii) dispose any of its assets above the sum of Five Billion Naira (N5,000,000,000);

c give to the Trustees and Bondholders a Notice prior to the acquisition of any company/business/assets where the cost of such acquisition when aggregated with the cost of any other acquisition of any company/business/assets by the Issuer during the financial year of the proposed acquisition, exceeds the total sum of Five Billion Naira (N5,000,000,000).

Borrowings are initially measured at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the year of the borrowings using the effective interest method. The carrying values of borrowings approximate their fair value.

29. Trade and other payables

	31-Dec-20	**31-Dec-20**	**31-Dec-19**
	₦'000	**₦'000**	₦'000
Current trade and other payables			
Trade payable			
NNPC accounts payable	2,790,427	2,790,427	4,361,957
Trade creditors	9,073,321	9,063,042	4,171,287
Petroleum Equalisation Fund (PEF) payable (Note 29.1)	-	-	2,402,599
Inventory accruals (Note 29.2)	15,893,922	15,886,397	5,673,520
Customer deposits for products	3,639,848	3,639,848	3,037,319
	31,397,518	31,379,714	19,646,682
Non-trade payables and other creditors (Note 28.3)	4,083,908	4,054,793	3,176,495
Total Trade and other payables	**35,481,426**	**35,434,507**	**22,823,177**

29.1 This balance relates to bridging allowance net of bridging claims due to Petroleum Equalisation Fund (PEF). Bridging claims, raised against the Federal Government of Nigeria, are costs incurred in transporting white products (excluding deregulated products) from specific PPMC depots to approved areas. Bridging allowances are compulsory contributions on each litre of white product lifted, to assist the Federal Government defray costs arising from bridging claims. Bridging claims are usually set off against bridging allowances to establish the net amount due to, or from the PEF, an organ of the Federal Government of Nigeria responsible for managing the process.

29.2 Inventory accrual accounts includes liability accrued for product and associated costs. This account holds accruals for value of goods received pending receipt of supplier's invoices.

Notes to the consolidated and separate financial statements

29.3 This consists of unclaimed dividends, statutory payables such as; withholding tax liabilities, VAT, PAYE, NSITF, and other payables such as; transporters freight account, rents received in advance and security deposits.

	31-Dec-20	31-Dec-20	31-Dec-19
Non-trade payables and other creditors	**₦'000**	**₦'000**	₦'000
Unclaimed dividend	602,270	602,270	605,811
Statutory payables (VAT, WHT etc.)	816,743	787,689	486,534
Other payables	2,296,183	2,296,121	1,715,438
Security deposits	368,712	368,712	368,712
	4,083,908	**4,054,794**	**3,176,495**

30. Contingencies

a) Guarantees

The Company guaranteed the loan provided to its subsidiary Axles and Cartage Limited by Stanbic IBTC Plc.

b) Pending litigation and claims

The Company is engaged in lawsuits that have arisen in the normal course of business. The contingent liabilities in respect of pending litigation and claims amounted to N566million at 31 December 2020 (31 December 2020: N511 Million). In the opinion of the directors, and based on independent legal advice, the Company is not expected to suffer any material loss arising from these claims. There are no provisions made in these consolidated financial statements in respect of the above pending litigation.

c) Financial commitments

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

31. Transactions with key management personnel

Loan to directors

No loan to directors was issued during the year ended 31 December 2020.

	2020	**2020**	**2019**	**2019**
	Directors	Chairman	Directors	Chairman
	₦'000	**₦'000**	**₦'000**	**₦'000**
Directors emoluments				
Fee	1,800	800	750	200
Allowances	44,400	11,100	61,382	11,111
	46,200	**11,900**	**62,132**	**11,311**

Executive Directors are not entitled to directors fees.

The Company has 146 employees as at 31 December 2020 and 153 as at December 2019.

Company		2020	2019
1.	Chief Executive Officer	Olumide Adeosun	Olumide Adeosun
2.	Executive Director - Finance and Risk Management	Moshood Olajide	Moshood Olajide

Transactions with key management personnel

Key management of the Group are the executive members of Ardova Plc. Key management personnel remuneration includes the following expenses:

Notes to the consolidated and separate financial statements

31. Transactions with key management personnel (cont'd)

	Group 31-Dec-20 ₦'000	Company 31-Dec-20 ₦'000	Company 31-Dec-19 ₦'000
Key management personnel compensation comprised:			
Short-term employee benefits:			
- Salaries including allowances	153,701	153,701	169,272
	153,701	153,701	169,272
Post-employment benefits:			
- Defined contribution to compulsory pension fund scheme	15,216	15,216	11,410
Defined benefit gratuity scheme	-	-	15,428
	168,917	**168,917**	**196,110**

Range	**31-Dec-20**	**31-Dec-20 Number**	31-Dec-19 Number
Below N1,000,000	**-**	**-**	-
N1,000,001 - N2,000,000	**108**	**-**	-
N2,000,001 - N3,000,000	**7**	**7**	26
N3,000,001 - N4,000,000	**38**	**30**	19
N4,000,001 - N5,000,000	**24**	**23**	31
N5,000,001 - N6,000,000	**22**	**21**	37
N6,000,001 - N7,000,000	**21**	**21**	10
N7,000,001 - N8,000,000	**12**	**11**	11
N8,000,001 - N9,000,000	**10**	**9**	3
N9,000,001 - N10,000,000	**3**	**3**	5
N10,000,001 and above	**21**	**21**	11
Total	**266**	**146**	153

*These are annual emoluments

32. Prior year corresponding balances

Certain prior year balances have been reclassified to ensure proper disclosure and uniformity with current year's presentation. These reclassifications have no net effect on these financial statements.

Notes to the consolidated and separate financial statements

33. Other related party transactions

The aggregate value of transactions and outstanding balances relating to these entities were as follows:

			Transaction value during the year 31-Dec-20 ₦'000	Balance as at 31 December 31-Dec-20 ₦'000	Transaction value during the year 31-Dec-19 ₦'000	Balance as at 31 December 31-Dec-19 ₦'000
Prudent Energy & Services Limited	Purchases	Related to core investor	(31,498,674)	(1,745,809)	17,429,738	3,162,395
Prudent Energy & Services Limited	Sales		168,216	-	200,205	-
Axles and Cartage Limited	Advances	Subsidiary	3,423,428	3,423,428	-	-
Axles and Cartage Limited	Sales	Subsidiary	47,094	-	-	-
Axles and Cartage Limited	Purchases	Subsidiary	185,351	-	-	-
Prudent Effsow Commodity Limited	Sales	Sister Company	47,094	-	-	-
BSG Resources Limited	Advances		-	-	(7,466,467)	-
Amperion Power Distribution Company Limited	Advances		-	-	(681,341)	-
Geregu Power Plc.	Advances		-	-	(13,245)	-
Forte Upstream Services Ltd	Sales & Advances		-	-	226,880	-
AP Oil and Gas Ghana Ltd	Translation difference		-	-	(61,492)	-
Zenon Petroleum and Gas Limited	Rent		-	-	(16,847)	-
			(27,859,936)	**1,677,819**	9,617,431	3,162,395

a) All transactions with these related parties were priced at arm's length.

34. Events after the end of reporting date

There were no events after the reporting date that could have had any material effect on the state of affairs of the company as at 31 December 2020 and on the profit for the year ended on that date that have not been taken into accounts in these financial statements.

OTHER INFORMATION

Consolidated statement of value added

	The Group		The Company			
	31-Dec-20		**31-Dec-20**		31-Dec-19	
	N'000	**%**	**N'000**	**%**	N'000	%
Turnover	**181,938,679**		**181,664,468**		176,550,766	
Other income	**1,472,068**		**1,471,964**		4,317,155	
Finance income	**270,949**		**269,824**		4,555,095	
	183,681,696		**183,406,256**		185,423,016	
Bought in materials and services:						
- Local	**(176,000,490)**		**(175,563,081)**		(171,389,319)	
					-	
Value added	**7,681,206**	**100**	**7,843,175**	**100**	14,033,697	100
APPLIED AS FOLLOWS:						
To pay employees:						
Salaries, wages and other staff costs	**1,793,509**	**23**	**1,756,554**	**22**	2,402,697	17
To pay Government:						
Taxation	**1,156,335**	**15**	**1,156,335**	**15**	971,378	7
To pay providers of capital:						
Interest on borrowings	**1,502,426**	**20**	**1,408,180**	**18**	4,825,394	34
Retained in the business						
Deferred Tax	**(108,815)**	**(1)**	**(20,581)**	**(0)**	(232,371)	(2)
Depreciation and amortisation	**1,479,782**	**19**	**1,479,253**	**19**	2,151,459	15
Profit transferred to reserves	**1,857,969**	**24**	**2,063,434**	**26**	3,915,140	28
	7,681,206	**100**	**7,843,175**	**100**	14,033,697	100

Value added represents the additional wealth which the Group has been able to create/erode by its own and its employees' efforts. This statement shows the allocation of that wealth among the employees, government, providers of capital and that retained for the future creation of more wealth.

Financial summary

	The Group	The Company				
	2020	**2020**	2019	2018	2017	2016
	₦'000	**₦'000**	₦'000	₦'000	₦'000	₦'000
Funds employed						
Share capital	**655,314**	**655,314**	655,314	655,314	655,314	655,314
Share premium	**8,071,943**	**8,071,943**	8,071,943	8,071,943	8,071,943	8,071,943
Other reserves	**-5,041**	**(5,041)**	(5,041)	(7,752)	(7,752)	(7,752)
Retained earnings	**10,687,652**	**10,893,117**	8,829,683	6,418,039	5,805,859	4,543,801
Total equity attributable to equity holders of the Company	**19,409,868**	**19,615,333**	17,551,899	15,137,544	14,525,364	13,263,306
Treasury stock	**(1,388,574)**	**(1,388,574)**	(1,388,574)	(1,388,574)	(1,388,574)	(1,388,574)
Non controlling interests	**-**	**-**	-	-	-	-
Total equity	**18,021,294**	**18,226,759**	16,163,325	13,748,970	13,136,790	11,874,732
Current liabilities	**45,614,002**	**43,004,435**	26,656,285	39,438,641	38,232,417	49,892,291
Non-current liabilities	**1,211,164**	**1,211,507**	4,199,344	7,542,122	10,748,422	11,691,972
	64,846,460	**62,422,701**	47,018,954	60,729,733	62,117,629	73,458,995
Assets employed						
Non-current assets	**18,765,534**	**13,612,788**	14,892,341	11,138,651	22,654,311	22,171,280
Current assets	**45,080,926**	**48,829,913**	32,126,613	49,591,082	39,463,318	51,287,715
	64,846,460	**62,422,701**	47,018,954	60,729,733	62,117,629	73,458,995

	The Group	The Company				
	2020	**2020**	2019	2018	2017	2016
	₦'000	**₦'000**	₦'000	₦'000	₦'000	₦'000
Revenue	**181,938,679**	**181,664,468**	176,550,766	134,706,306	86,176,010	131,613,962
Operating profit	**4,136,966**	**4,337,544**	4,924,446	2,949,086	2,587,372	6,707,897
Profit before income tax	**2,905,489**	**3,199,188**	4,654,147	1,028,544	1,895,670	5,442,482
Profit after tax	**1,857,969**	**2,063,434**	3,915,140	631,471	1,262,058	3,235,829
Basic & diluted earnings per share in (N)	**1.42**	**1.58**	3.00	0.48	0.97	2.48