# NIGERIAN PIPELINES AND STORAGE COMPANY LIMITED
## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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NIGERIAN PIPELINES AND STORAGE COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

CORPORATE INFORMATION

Nature of business and principal activities
The company provide transportation and storage facilities for the distribution of petroleum products in Nigeria

Directors
Mr Mohammed Abdulkabir Ahmed
Oyetunde Ada Nneka
George Mieba Jim
Mrs Philomena Ikoko
Ismaila Isa
Chairman
Managing Director

Registered office
NNPC Towers
Central Business District
Herbert Macaulay Way
Abuja, Nigeria

Bankers
Central Bank of Nigeria

Auditors
Sola Oyetayo & Co
(Chartered Accountants)
Abdulkadeer and Co
(Chartered Accountants)

Company Secretary/Legal Adviser
Omoluabi Victor Esq.
The directors have the pleasure in submitting their report on the financial statements of Nigerian Pipelines and Storage Company Limited for the year ended 31 December 2019.

1. Incorporation

The company was incorporated on 30 June 2016 and obtained its certificate to commence business on the same day.

2. Principal activities

Nigerian Pipelines and Storage Company Limited was incorporated in Nigeria with interests in the Services industry. The company operates in Nigeria.

The Company provides transportation and storage of petroleum products through its pipelines and storage facilities for distribution throughout Nigeria and transportation of crude through pipelines and evacuations of petroleum products through Petroleum coastal tankers.

3. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004 and Financial Reporting Council of Nigeria Act. The accounting policies have been applied consistently compared to the prior year.

The company recorded a net loss after tax for the year ended 31 December 2019 of N (1.33) Billion. This represented a decrease of 44.9% from the net loss after tax of the prior year of N(2.41) Billion.

Company revenue increased by 10% from N44.40 Billion in the prior year to N49.01 Billion for the year ended 31 December 2019

4. Share capital

<table>
<thead>
<tr>
<th>Authorised</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares</td>
<td>100,000</td>
<td>100,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Issued</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary shares</td>
<td>100,000</td>
<td>100,000</td>
</tr>
</tbody>
</table>

The issued shares were issued at par value of N1. There have been no changes to the authorised or issued share capital during the year under review.
5. Directorate

The directors in office at the date of this report are as follows:

<table>
<thead>
<tr>
<th>Directors</th>
<th>Office</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Mohammed Abulkabir</td>
<td>Chairman</td>
<td>Non-executive</td>
</tr>
<tr>
<td>Ahmed Oyetunde A. Nneka</td>
<td>Managing Director</td>
<td>Executive</td>
</tr>
<tr>
<td>George Mieba Jim</td>
<td>Director, Pipelines</td>
<td>Executive</td>
</tr>
<tr>
<td>Mrs Philomena Ikoko</td>
<td>Director, Support</td>
<td>Executive</td>
</tr>
<tr>
<td></td>
<td>Director, Storage</td>
<td>Executive</td>
</tr>
<tr>
<td>Ismaila Isa</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. Directors' interests in shares

None of the directors held ownership interest in the company during the year under review.

7. Directors' interests in contracts

During the financial year, none of the directors or officers of the company has notified the company for the purpose of section 277 of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004 of their direct or indirect interest in contracts or proposed contracts with the company.

8. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

At 31 December 2019, the company's investment in property, plant and equipment amounted to ₦1.17 Billion (2018: ₦ 0.92 Billion), of which ₦0.51 Billion (2018: ₦ 0.24 Billion) was added in the current year through additions.
9. Employment and employees

Employment policy

It is the policy of the Company that there should be no discrimination in considering applications for employment including those from disabled persons. All employees are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their career.

Health, safety at work and welfare of employees

Health and safety regulations are in force within the Company's premises and employees are aware of existing regulations. Careful attention is given to employees' health through top class clinics.

Employee involvement and training

The Company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company.

Training is carried out at various levels through in-house and external sources.

Dissemination of Information

In order to maintain a shared perception of goals, the Company is committed to communicating information to employees in an efficient and effective way. The Company considers this critical to the maintenance of team spirit and employee moral.

10. Auditors

Messrs Sola Oyetayo & Co. and Abdulkadeer and Co., were reappointed on January 23, 2020 as joint auditors to the company in accordance with section 357(2) of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004.

11. Events after the reporting period

The board is aware of the COVID-19 pandemic as well as the Country's downgrade to sub-investment grade. The pandemic is considered to be a non-adjusting event and there is no immediate concern around going concern. Management has established high-level task teams that are continually assessing and monitoring developments with regards to the diseases and at the time of finalising the report, the board is confident that our responses are adequate and the crisis is being continuously monitored to assess the impact on the company. The financial estimate cannot be determined reliably as the extent of COVID-19 is unknown.

By Order of the Board

[Signature]

Omoluabi Victor Esq
Company Secretary
The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria, 2004 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its loss. The responsibilities include ensuring that the Company:

- keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, (CAP C20) Laws of the Federation of Nigeria, 2004
- establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in accordance with International Reporting Standards and in the manner required by the Companies and Allied Matters Act, (CAP C20) Laws of the Federation of Nigeria, 2004.

The Directors believe the financial statements give a true and fair view of the state of the financial affairs of the Company and of its loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Oyetunde Ada Nneka

Mrs Philomena Ikoko
INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF NIGERIAN PIPELINES AND STORAGE COMPANY LIMITED

Opinion

We have audited the financial statements of Nigerian Pipelines and Storage Company Limited (the company) set out on pages 11 to 47, which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nigerian Pipelines and Storage Company Limited as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the financial statements section of our report.

Independence

We are independent of the company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (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 in accordance with other ethical requirements applicable to performing audits in Nigeria.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Nigerian Pipelines and Storage Company Limited financial statements for the year ended 31 December 2019", which includes the Directors’ Report, Statement of Directors’ Responsibilities, Value Added Statement, and Three Year Financial Summary as required by the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor’s report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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.
INDEPENDENT AUDITOR’S REPORT

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

We communicate with the directors 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.
INDDEPENDENT AUDITOR'S REPORT

Report on other legal requirements

Companies with the requirements of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004, require that in carrying out our audit, we consider and report on the following matters. We confirm that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the entity so far as appears from our examination of those books; and
- The statement of financial position, statement of profit or loss and other comprehensive income agree with the books of account.

Sola Oyetayo FCA
FRC/2013/ICAN/0000000642
For: Sola Oyetayo & Co
(Chartered Accountants)

Lagos, Nigeria

Unharfaruk Idrisi FCA
FRC/2016/ICAN/00000011258
For: Abdulkadeer and Co
(Chartered Accountants)

Abuja, Nigeria
## NIGERIAN PIPELINES AND STORAGE COMPANY LIMITED

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018 Restated *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2</td>
<td>49,014,311</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>3</td>
<td>(13,054,337)</td>
</tr>
<tr>
<td>Gross profit</td>
<td></td>
<td>35,959,974</td>
</tr>
<tr>
<td>Movement in credit loss allowances</td>
<td>5</td>
<td>(781,525)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>4</td>
<td>(19,134,559)</td>
</tr>
<tr>
<td>Operating profit (loss)</td>
<td>5</td>
<td>16,043,890</td>
</tr>
<tr>
<td>Finance costs</td>
<td>6</td>
<td>(17,371,163)</td>
</tr>
<tr>
<td>Loss for the year</td>
<td></td>
<td>(1,327,273)</td>
</tr>
</tbody>
</table>

**Other comprehensive income:**

**Items that will not be reclassified to profit or loss:**

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remeasurements on net defined benefit liability/asset</td>
<td></td>
<td>(4,801,018)</td>
</tr>
<tr>
<td>Other comprehensive income for the year net of taxation</td>
<td></td>
<td>(4,801,018)</td>
</tr>
</tbody>
</table>

**Total comprehensive (loss) income for the year**

|                                                               | 2019  | 2018                          |
|                                                              |       | (6,128,291)                  | 9,582,984  |

The accounting policies on pages 14 to 25 and the notes on pages 26 to 47 form an integral part of the financial statements.

* See Note 20 & 19
## Statement of Financial Position As at 31 December 2019

<table>
<thead>
<tr>
<th></th>
<th>2019 '000</th>
<th>2018 '000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>1,167,692</td>
<td>918,986</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>119,905,925</td>
<td>-</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>4,522,793</td>
<td>4,081,906</td>
</tr>
<tr>
<td>Prepayments</td>
<td>1,313,707</td>
<td>802,262</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>91,126,367</td>
<td>66,771,462</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>9,658,070</td>
<td>3,166,120</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>106,620,937</td>
<td>74,821,750</td>
</tr>
<tr>
<td><strong>Equity and Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Retained income</td>
<td>-251,875</td>
<td>9,582,984</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td>151,875</td>
<td>9,682,984</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>126,006,898</td>
<td>-</td>
</tr>
<tr>
<td>Retirement benefit obligation</td>
<td>61,863,405</td>
<td>53,641,717</td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
<td>187,870,303</td>
<td>53,641,717</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>15,332,509</td>
<td>11,935,992</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>24,324,527</td>
<td>-</td>
</tr>
<tr>
<td>Contract Liabilities</td>
<td>319,090</td>
<td>480,043</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>39,976,126</td>
<td>12,416,035</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>227,846,429</td>
<td>66,057,752</td>
</tr>
<tr>
<td><strong>Total Equity and Liabilities</strong></td>
<td>227,694,554</td>
<td>75,740,736</td>
</tr>
</tbody>
</table>

The financial statements and the notes on pages 3 to 49, were approved by the board of directors on the 09 July 2020 and were signed on its behalf by:

Oyetunde Ada Nneka  
Managing Director  
FRC/2019/NIM/00000019864

Mrs Philomeha Ikoko  
Director, Support Services  
FRC/2013/CPA/0000004977

Hawkins Ovugbe  
Manager, Finance and Accounts  
FRC/2019/CPA/0000004977

The accounting policies on pages 14 to 25 and the notes on pages 26 to 47 form an integral part of the financial statements.

* See Note 20 & 19
## NIGERIAN PIPELINES AND STORAGE COMPANY LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### STATEMENT OF CHANGES IN EQUITY

<table>
<thead>
<tr>
<th></th>
<th>Share capital</th>
<th>Retained income</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><em><em>Restated</em> Balance at 01 January 2018</em>*</td>
<td>100,000</td>
<td>-</td>
<td>100,000</td>
</tr>
<tr>
<td>Loss for the year</td>
<td></td>
<td>(2,409,709)</td>
<td>(2,409,709)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td>11,992,693</td>
<td>11,992,693</td>
</tr>
<tr>
<td><strong>Total comprehensive Loss for the year</strong></td>
<td>-</td>
<td>9,582,984</td>
<td>9,582,984</td>
</tr>
<tr>
<td>Opening balance as previously reported</td>
<td>100,000</td>
<td>11,224,869</td>
<td>11,324,869</td>
</tr>
<tr>
<td>Adjustments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in accounting policy</td>
<td></td>
<td>(1,641,884)</td>
<td>(1,641,884)</td>
</tr>
<tr>
<td><strong>Balance at 01 January 2019 as restated</strong></td>
<td>100,000</td>
<td>9,582,985</td>
<td>9,682,985</td>
</tr>
<tr>
<td>Loss for the year</td>
<td></td>
<td>(1,327,273)</td>
<td>(1,327,273)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td>(4,801,018)</td>
<td>(4,801,018)</td>
</tr>
<tr>
<td><strong>Total comprehensive Loss for the year</strong></td>
<td>-</td>
<td>(6,128,291)</td>
<td>(6,128,291)</td>
</tr>
<tr>
<td>Prior year adjustment</td>
<td></td>
<td>(3,706,569)</td>
<td>(3,706,569)</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2019</strong></td>
<td>100,000</td>
<td>(251,875)</td>
<td>(151,875)</td>
</tr>
</tbody>
</table>

Note(s) 12

The accounting policies on pages 14 to 25 and the notes on pages 26 to 47 form an integral part of the financial statements.

* See Note 20 & 19
NIGERIAN PIPELINES AND STORAGE COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT OF CASH FLOWS

<table>
<thead>
<tr>
<th>Note(s)</th>
<th>2019</th>
<th>2018 Restated *</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>₦ '000</td>
<td>₦ '000</td>
</tr>
</tbody>
</table>

**Cash flows from operating activities**

Profit/(loss) before taxation

1,327,273 (2,409,709)

Adjustments for:

- Depreciation, amortisation and impairment
  - 13,312,285
  - 263,457

- Finance costs
  - 17,371,163
  - -

- Impairment losses and reversals
  - 781,525
  - 1,641,884

- Movements in retirement benefit assets and liabilities
  - 3,420,670
  - 13,658,573

- Other adjustments
  - (3,706,568)
  - -

Changes in working capital:

- Inventories
  - (440,887)
  - (991,925)

- Trade and other receivables
  - (25,136,430)
  - (21,093,204)

- Prepayments
  - (511,445)
  - (28,748)

- Trade and other payables
  - 3,396,518
  - 11,887,426

- Contract Liabilities
  - (160,953)
  - 480,043

- Cash generated from operations
  - 6,998,605
  - 3,407,797

- Finance costs
  - (17,371,163)
  - -

Net cash from operating activities

10,372,558 3,407,797

**Cash flows from investing activities**

Purchase of property, plant and equipment

(506,655) (241,677)

Net cash from investing activities

(506,655) (241,677)

**Cash flows from financing activities**

- Lease liabilities
  - 17,371,163
  - -

Net cash from financing activities

17,371,163 -

Total cash movement for the year

6,491,950 3,166,120

Cash at the beginning of the year

3,166,120 -

Total cash at end of the year

9,658,070 3,166,120

The accounting policies on pages 14 to 25 and the notes on pages 26 to 47 form an integral part of the financial statements.

* See Note 20 & 19
Corporate information

Nigerian Pipelines and Storage Company Limited is a private limited company incorporated and
domiciled in Nigeria under the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004

The address of its registered office is:
NNPC Tower
Central Business District
Herbert Macaulay Way
Abuja, Nigeria

The Company provides transportation and storage of petroleum products through its pipelines and
storage facilities for distribution throughout Nigeria and transportation of crude through pipelines
and evaporations of petroleum products through Petroleum coastal tankers

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out
below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in
compliance with, International Financial Reporting Standards ("IFRS") and International Financial
Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of
preparing these financial statements and the Companies and Allied Matters Act of Nigeria, Cap C20
LFN 2004.

The financial statements have been prepared on the historic cost convention, unless otherwise
stated in the accounting policies which follow and incorporate the principal accounting policies set
out below. They are presented in Nairas, which is the company's functional currency.

The financial statement comprises 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 notes to the financial statement.

These accounting policies are consistent with the previous period.
1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

**Lease classification**

The company is party to leasing arrangements as a lessee. The treatment of leasing transactions in the financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

The company entered into lease of many pipelines and depots facilities with annual rentals of N 24.35 Billion. However, the lease payment is determined on the basis of depreciable value of the underlying pipelines and depots. Significant judgment was applied by management in concluding the correct lease term and discount rate

**Lease term**

The lease term is determined to the useful lives of the underlying assets based on the following factors:

- The assets were specifically acquired/constructed for the use of NPSC (formerly for PPMC) and they are specialised and crucial to its operations;
- It is reasonably certain that neither CHQ nor the company will exercise this termination option contained in the lease contract as the lease has been in operation for decades without being terminated due to the arrangement being critical to company's operations, in which CHQ has an interest as its parent company; and
- There is no purchase option on the assets. However, the company is likely to retain the right to control the use of the assets for most or all of their useful lives.

**Discount rate**

The company considered using its or NNPC's (parent company) incremental borrowing rate or the yield rate of bonds issued by NNPC. None of these were available as NNPC had issued no bonds. In view of this, the discount rate was assumed to be Central Bank of Nigeria monetary policy rate of 14% on 1 January 2019. This is because, NNPC is a state owned corporation, however, it runs as an independent commercial corporation and its funding is mostly autonomous. The company believes that MPR is more appropriate as there was no other suggestive evidence on the rate that NPSC or the Group would expect to borrow at over similar lease terms. Also, the MPR is a key indicator of the prevalent interest rates in the economy.
1.2 Significant judgements and sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Defined benefit obligation

The company operates a defined benefit plan in order to provide a lump sum payment to staff upon retirement. The lump sum amount paid at retirement is based on length of service and the remuneration of the staff at the time of retirement. Typically, defined benefits plans define an amount of gratuity benefit that an employee will be receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Defined benefit liability is based on an actuarial valuation performed by independent actuary issuing the projected unit credit basis. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates on government bonds that have terms to maturity approximating to the terms of the related pension obligation. See the sensitivity of pension liability to changes in key assumptions made in Note 16.

1.3 Revenue from contracts with customers

The company recognises revenue from the following major sources:
• Throughput tariff
• Pipeline transportation tariff (product and crude)
• Product storage tariff
• LPG Butanization storage
• Jetty fee (3rd party customers)
• Offspecification product tariff

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

The Company derives revenue from the storage and transportation of petroleum products and liquefied natural gas to its customers through its pipeline and storage facilities. The entity accounts for contracts within the scope of IFRS 15 'Revenue from contracts with customers' when a contract has been approved by both parties, each party's rights have been clearly identified, payment terms have been clearly identified, the contract has commercial substance and it is probable that the entity will collect the consideration it is entitled to for the storage and transportation of petroleum products and gas to customer.

The Company recognises revenue when it has rendered the storage and transportation service to the customer. This generally occurs the company unloads the customer's stored product into the customer's loading facility or transports the products via the company's transmission pipelines to the customer's delivery mechanism. If the consideration includes a variable component, the expected consideration is adjusted for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period.
Revenue from contracts with customers (continued)

Definition of a customer

A customer is a party that has contracted with the Company to store and transport petroleum product or liquefied natural gas to specified locations, which is the Company's ordinary activity in exchange for a consideration. A counterparty would not be a customer if it has entered into a contract to share in the risk and benefits that result from the activity or process.

Performance obligation

The Company assesses the services promised in a contract with a customer and identifies each promise to deliver distinct services. The Company typically has single performance obligations in its storage and transportation contract, which is to store or transport petroleum products or gas to customers.

The performance obligation is satisfied when the stored products are unloaded to the customer's delivery mechanism or when the product is transported through its pipeline, and payment, from its customers, is generally due within 30 to 90 days. The Company recognises revenue at the point when the performance obligation is satisfied.

Contract enforceability and termination

The Company recognises revenue for contracts that create enforceable rights and obligations to parties in the contract. IFRS 15 requires that for contracts to be enforceable, it must have been approved by the parties to the contract, rights have been explicitly stated, payment terms have been defined, the contract has commercial substance, and collectability is highly probable. The Company does not recognise revenue for contracts that do not meet the revenue recognition criteria. In such cases, where consideration is received it recognises a contract liability and only recognises revenue when the contract is terminated.

Transaction price

Transaction price is the amount allocated to the performance obligations identified in the contract. It represents the amount of revenue recognised as those performance obligations are satisfied. Complexities may arise where a contract includes variable consideration, significant financing components or consideration payable to a customer. There are no variable consideration, significant financing components or consideration payable to a customer in the contracts with customers.
1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

**Finance leases – lessee**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the company's incremental borrowing rate.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

**Operating leases – lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

The company has lease contracts with NNPC, its parent company for the use of pipelines and depots. Details of these leases are provided in note 15.

1.5 Translation of foreign currencies

**Foreign currency transactions**

A foreign currency transaction is recorded, on initial recognition in Naira, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period, foreign currency monetary items are translated using the closing rate.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Naira by applying to the foreign currency amount the exchange rate between the Naira and the foreign currency at the date of the cash flow.
Accounting Policies

1.6 Employee benefits

Short-term employee benefits

Wages, salaries, bonuses, other contributions and sick leave are accrued in the period in which the associated services are rendered by employees of the company.

Payroll costs such as payroll tax, workers compensation insurance and contributions relating to the payment of above employee entitlements have been accrued at the reporting date and included in the balance sheet as part of the related provision for employee entitlements.

Defined contribution plans

Defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current end prior periods. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for its employees. Employee contributions to the scheme are funded through payroll deductions while the Company's contribution is recognised in profit or loss as employee benefit expense in the periods during which services are rendered by employees. Employees contribute 7.5% each of their basic salary, transport and housing allowances to the Fund on a monthly basis. The Company's contribution is also 12.5% of each employee's basic salary, transport and housing allowances.

Defined benefit plans

In line with the provisions or the Pension Reform Act 2014, the Company participates in employee benefit plans offering retirement, death and disability and healthcare benefits, these plans provide benefits based on various factors such as length of service, age and compensation.

The Company operates a defined benefit scheme for its employees. A defined benefit scheme is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The assets of all schemes are managed by an independent company; NNPC Pension Fund Limited. The retirement fund is funded solely by contributions from the Company on behalf of its employees.

The liability recognised in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets in order to determine the net defined benefit liability or asset.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating to the terms of the related pension obligation.

Remeasurement, comprising of actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on the plan assets (excluding Interest), is reflected immediately in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings.
1.6 Employee benefits (continued)

Past-service costs are recognised immediately in profit or loss in the period of a plan amendment.

Net Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

1.7 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

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.
1.8 Financial instruments

Financial assets

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Financial assets are classified, at initial recognition, as financial assets measured at amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). The Company determines the classification of its financial assets at initial recognition.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

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

The Company's financial assets are measured at amortised cost as they are held in a business model whose objective is to collect contractual cash flows and the cash flows from these assets are Solely of Principal Repayment and Interest (SPPI). They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

The interest income on these assets is included in finance income using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial liabilities

Initial and subsequent recognition

Financial liabilities are classified as financial liabilities at fair value through profit or loss, or as financial liabilities measured at amortised cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

NPSC's financial liabilities includes trade and other payables which are classified as other financial liabilities at amortised cost.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:
Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables excluding, when applicable VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 11).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Company recognizes an allowance for expected credit losses ('ECL') for all its financial assets not held at FVTPL. ECLs are based on the difference between the contractual cash flows due from the assets and all cash flows that the Company expects to receive, discounted at the effective interest rate.

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

Measurement and recognition of expected credit losses

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

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in administrative expenses in profit or loss as a movement in credit loss allowance (note 5).
Financial instruments (continued)

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 11) and the financial instruments and risk management note (note 19).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Trade and other payables

Classification

Trade and other payables (note 17), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

Trade and other payables expose the company to liquidity risk. Refer to note 19 for details of risk exposure and management thereof.

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Derecognition

Financial assets

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement.
Financial instruments (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instrument

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

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.10 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.
1.11 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor tax profit/loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused WHT credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused WHT credits can be utilised.

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

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period.
2. Revenue

Revenue from contracts with customers

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rendering of services</td>
<td>49,014,311</td>
<td>44,400,733</td>
</tr>
</tbody>
</table>

Disaggregation of revenue from contracts with customers

The Company derives revenue from the storage and transportation of petroleum products and liquefied natural gas over time. The Company has disaggregated revenue from contract with customers based on product and/or service lines:

Rendering of services- Major product lines

| Product handing services-throughput fee | 46,116,563 | 1,646,911 |
| Product transportation by pipelines    | 2,897,748  | 42,753,822|

Total: 49,014,311 44,400,733

Timing of revenue recognition

At a point in time

Rendering of services 49,014,311 44,400,733

Assets and liabilities related to contracts with customers

The Company has recognised the following assets and liabilities related to contracts:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other receivables</td>
<td>93,496,373</td>
<td>68,483,633</td>
</tr>
<tr>
<td>Contract assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contract liabilities</td>
<td>319,090</td>
<td>480,043</td>
</tr>
</tbody>
</table>

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. Trade and receivables increased from N66.84 Billion in 2018 to N91.07 Billion in 2019. Also, in 2019, N0.78 Billion (2018 N1.64 Billion) was recognised as provision for expected credit losses on trade receivables.

Contract assets primarily relate to the Company's rights to consideration in exchange for goods or services that it has transferred to a customer, when that right is conditioned on something other than the passage of time for services at the reporting date. There were no contract assets during the period ended 31 December 2019 (2018:Nil)

The contract liabilities primarily relate to advance consideration received from customers for the storage or transportation of petroleum products. This will be recognised as revenue when the performance obligation has been performed by the Company.
### Cost of sales

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rendering of services</td>
<td>-</td>
<td>1,498,440</td>
</tr>
<tr>
<td>Depreciation on right-of-use assets</td>
<td>13,054,337</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Cost of sales</strong></td>
<td>13,054,337</td>
<td>1,498,440</td>
</tr>
</tbody>
</table>

### Administrative expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee benefits expenses</td>
<td>10,561,062</td>
<td>9,797,084</td>
</tr>
<tr>
<td>Consumables</td>
<td>69</td>
<td>37,921</td>
</tr>
<tr>
<td>Auditors remuneration - external auditors (Note 19)</td>
<td>75,250</td>
<td>70,000</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>4,000,703</td>
<td>19,885,237</td>
</tr>
<tr>
<td>Depreciation</td>
<td>257,948</td>
<td>263,457</td>
</tr>
<tr>
<td>Advertising</td>
<td>-</td>
<td>25,004</td>
</tr>
<tr>
<td>Bank charges</td>
<td>-</td>
<td>1,416</td>
</tr>
<tr>
<td>Entertainment</td>
<td>-</td>
<td>4,568</td>
</tr>
<tr>
<td>Legal, consultancy and professional fees</td>
<td>337,144</td>
<td>1,932,349</td>
</tr>
<tr>
<td>Souvenirs &amp; Gifts</td>
<td>-</td>
<td>17,392</td>
</tr>
<tr>
<td>IT expenses</td>
<td>531,019</td>
<td>2,361,220</td>
</tr>
<tr>
<td>Lease rentals on operating lease</td>
<td>2,629,552</td>
<td>53,818</td>
</tr>
<tr>
<td>Motor vehicle expenses</td>
<td>-</td>
<td>145,305</td>
</tr>
<tr>
<td>Postages and telephones</td>
<td>26,551</td>
<td>155,186</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>-</td>
<td>26,962</td>
</tr>
<tr>
<td>Security</td>
<td>-</td>
<td>3,605,097</td>
</tr>
<tr>
<td>Staff welfare</td>
<td>2,948</td>
<td>684,565</td>
</tr>
<tr>
<td>Transport and freight</td>
<td>-</td>
<td>42,371</td>
</tr>
<tr>
<td>Training</td>
<td>48,539</td>
<td>395,384</td>
</tr>
<tr>
<td>Travel</td>
<td>-</td>
<td>14,359</td>
</tr>
<tr>
<td>Electricity, rates and licences</td>
<td>-</td>
<td>291,940</td>
</tr>
<tr>
<td>Right of way</td>
<td>-</td>
<td>119,829</td>
</tr>
<tr>
<td>Staff union expenses</td>
<td>-</td>
<td>294,106</td>
</tr>
<tr>
<td>Maintenance services</td>
<td>663,774</td>
<td>2,591,758</td>
</tr>
<tr>
<td>Health, safety and environmental</td>
<td>-</td>
<td>846,116</td>
</tr>
<tr>
<td>Local community development</td>
<td>-</td>
<td>7,674</td>
</tr>
<tr>
<td><strong>Total Administrative expenses</strong></td>
<td>19,134,559</td>
<td>43,670,118</td>
</tr>
</tbody>
</table>
### 5. Operating profit (loss)

Operating profit (loss) for the year is stated after charging (crediting) the following, amongst others:

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditor's remuneration - external</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit fees</td>
<td>75,250</td>
<td>70,000</td>
</tr>
<tr>
<td>Employee costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries, wages, bonuses and other benefits</td>
<td>4,000,703</td>
<td>19,885,237</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>257,948</td>
<td>263,457</td>
</tr>
<tr>
<td>Depreciation of right-of-use assets</td>
<td>13,054,337</td>
<td>-</td>
</tr>
<tr>
<td>Total depreciation and amortisation</td>
<td>13,312,285</td>
<td>263,457</td>
</tr>
<tr>
<td>Less: Depreciation and amortisation included in cost of sales</td>
<td>(13,054,337)</td>
<td>-</td>
</tr>
<tr>
<td>Total depreciation and amortisation expensed</td>
<td>257,948</td>
<td>263,457</td>
</tr>
<tr>
<td>Movement in credit loss allowances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>781,525</td>
<td>1,641,884</td>
</tr>
</tbody>
</table>

### 6. Finance costs

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leases (Note 13)</td>
<td>17,371,163</td>
<td>-</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS

8. Property, plant and equipment

<table>
<thead>
<tr>
<th>Category</th>
<th>2019 (₦'000)</th>
<th>2018 (₦'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated depreciation</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>1,944,803</td>
<td>(1,704,414)</td>
</tr>
<tr>
<td>Office, household &amp; furniture equipment</td>
<td>1,420,194</td>
<td>(1,219,390)</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>804,432</td>
<td>(727,278)</td>
</tr>
<tr>
<td>Other equipment</td>
<td>3,560,162</td>
<td>(2,910,817)</td>
</tr>
<tr>
<td>Total</td>
<td>7,729,591</td>
<td>(6,561,899)</td>
</tr>
</tbody>
</table>

Reconciliation of property, plant and equipment - 2019

<table>
<thead>
<tr>
<th>Category</th>
<th>Opening balance</th>
<th>Additions</th>
<th>Depreciation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicles</td>
<td>115,557</td>
<td>175,297</td>
<td>(50,465)</td>
<td>240,399</td>
</tr>
<tr>
<td>Office, household &amp; furniture equipment</td>
<td>30,547</td>
<td>196,169</td>
<td>(25,912)</td>
<td>200,804</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>102,118</td>
<td>515</td>
<td>(25,479)</td>
<td>77,154</td>
</tr>
<tr>
<td>Other equipment</td>
<td>670,764</td>
<td>134,674</td>
<td>(156,093)</td>
<td>649,345</td>
</tr>
<tr>
<td>Total</td>
<td>918,986</td>
<td>508,655</td>
<td>(257,949)</td>
<td>1,167,692</td>
</tr>
</tbody>
</table>

Reconciliation of property, plant and equipment - 2018

<table>
<thead>
<tr>
<th>Category</th>
<th>Opening balance</th>
<th>Additions</th>
<th>Depreciation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicles</td>
<td>52,673</td>
<td>146,000</td>
<td>(83,117)</td>
<td>115,557</td>
</tr>
<tr>
<td>Office, household &amp; furniture equipment</td>
<td>47,671</td>
<td>5,178</td>
<td>(22,302)</td>
<td>30,547</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>129,940</td>
<td>-</td>
<td>(27,822)</td>
<td>102,118</td>
</tr>
<tr>
<td>Other equipment</td>
<td>710,481</td>
<td>90,499</td>
<td>(130,216)</td>
<td>670,764</td>
</tr>
<tr>
<td>Total</td>
<td>940,765</td>
<td>241,677</td>
<td>(263,457)</td>
<td>918,986</td>
</tr>
</tbody>
</table>
7. Property, plant and equipment (continued)

<table>
<thead>
<tr>
<th>Depreciation rates</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicles</td>
<td>Straight line basis</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>- years</td>
<td></td>
</tr>
<tr>
<td>Office, household &amp; furniture equipment</td>
<td>Straight line basis</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>- years</td>
<td></td>
</tr>
<tr>
<td>Computer equipment</td>
<td>Straight line basis</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>- years</td>
<td></td>
</tr>
<tr>
<td>Other equipment</td>
<td>Straight line basis</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>- years</td>
<td></td>
</tr>
</tbody>
</table>

8. Inventories

| Material operations | 10,271,322 | 9,830,435 |
| Raw materials       | 80,915     | 80,915    |
| Inventories (write-downs) | (5,829,444) | (5,829,444) |
|                      | 4,522,793  | 4,081,906 |

9. Prepayments

| Prepaid staff loan       | 116,819   | 114,046   |
| Advances to contractors  | 47,762    | -         |
| Cash in lieu of status car | 1,149,126 | 688,216   |
|                          | 1,313,707 | 802,262   |

10. Trade and other receivables

<table>
<thead>
<tr>
<th>Financial instruments:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>1,425,239</td>
<td>1,234,597</td>
</tr>
<tr>
<td>Trade receivables - related parties</td>
<td>90,953,885</td>
<td>66,020,902</td>
</tr>
<tr>
<td>Loss allowance</td>
<td>(2,423,409)</td>
<td>(1,641,883)</td>
</tr>
<tr>
<td>Trade receivables at amortised cost</td>
<td>89,955,715</td>
<td>65,613,616</td>
</tr>
<tr>
<td>Other receivable</td>
<td>1,117,249</td>
<td>1,228,134</td>
</tr>
<tr>
<td>Non-financial instruments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff advances</td>
<td>53,403</td>
<td>(70,288)</td>
</tr>
<tr>
<td>Total trade and other receivables</td>
<td>91,126,367</td>
<td>66,771,462</td>
</tr>
</tbody>
</table>
11. Cash and cash equivalents

Cash and cash equivalents consist of:

<table>
<thead>
<tr>
<th>Bank balances</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9,658,070</td>
<td>3,166,120</td>
</tr>
</tbody>
</table>

The Company's cash and cash equivalents are held with Central Bank of Nigeria.

Impairment on cash and cash equivalent has been measured on a twelve (12) month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit rating risk based on the external credit ratings of the counterparties.

12. Share capital

<table>
<thead>
<tr>
<th>Authorised</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>100,000,000 Ordinary shares of N1 each</td>
<td>100,000</td>
<td>100,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reconciliation of number of shares issued:</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported as at 01 January 2019</td>
<td>100,000</td>
<td>-</td>
</tr>
<tr>
<td>Issue of shares - ordinary shares</td>
<td>-</td>
<td>100,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Issued</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>100,000,000 ordinary shares of N1 each</td>
<td>100,000</td>
<td>100,000</td>
</tr>
</tbody>
</table>

13. Retained profit

<table>
<thead>
<tr>
<th>Opening balance</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income (loss) for the period</td>
<td>(1,327,274)</td>
<td>(2,409,708)</td>
</tr>
<tr>
<td>Prior year adjustment</td>
<td>(3,706,569)</td>
<td>-</td>
</tr>
<tr>
<td>Remeasurements on net defined benefit liability/asset</td>
<td>(4,801,018)</td>
<td>11,992,693</td>
</tr>
<tr>
<td>Actuarial gain net of tax - Pension</td>
<td>(4,241,053)</td>
<td>3,253,382</td>
</tr>
<tr>
<td>Actuarial gain net of tax - Gratuity</td>
<td>(353,687)</td>
<td>8,510,659</td>
</tr>
<tr>
<td>Actuarial gain - Long service awards</td>
<td>(22,141)</td>
<td>(3,359)</td>
</tr>
<tr>
<td>Actuarial gain - post retirement medical</td>
<td>(184,137)</td>
<td>232,011</td>
</tr>
</tbody>
</table>

The prior year adjustment represents the difference between 2018 reported retained earnings from SAP and the audited retained earnings. This difference was due to incorrect mapping of certain income statement items as balance sheet items in the 2018 audited financial statements. The result was that retained earnings per SAP was lesser than the amount reported in 2018 audited financial statements.

\[ \text{Actuarial (gain)/loss - net of tax} = (4,801,018) \quad 11,992,693 \]
15. Leases (company as lessee)

The Company has a lease contract with the Nigerian National Petroleum Corporate Headquarters (CHQ), which falls within the scope of IFRS 16. It confers on the company, the right to control the use of storage tanks and other pipeline equipments required for company's operations in exchange for quarterly cash payments over the term of the lease. In addition, the lease term is longer than 12 months for all assets involved and the underlying assets are all of significant value.

The contract also states that the Company shall not have a purchase option on the assets. However, the company is likely to retain the right to control the use of the assets for most or all of their useful lives.

Details pertaining to leasing arrangements, where the company is lessee are presented below:

**Net carrying amounts of right-of-use assets**

The carrying amounts of right-of-use assets are as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pipelines and depots</td>
<td>119,905,925</td>
<td></td>
</tr>
</tbody>
</table>

**Additions to right-of-use assets**

There was no additions to right-of-use assets during the year

**Depreciation recognised on right-of-use assets**

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 5), as well as depreciation which has been capitalised to the cost of other assets.

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pipelines and depots</td>
<td>13,054,337</td>
</tr>
</tbody>
</table>

**Other disclosures**

**Interest expense on lease liabilities**

17,371,163

**Lease liabilities**

The maturity analysis of lease liabilities is as follows:

<table>
<thead>
<tr>
<th>Period</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within one year</td>
<td>166,726,142</td>
</tr>
<tr>
<td>Two to five years</td>
<td>42,010,682</td>
</tr>
<tr>
<td>More than five years</td>
<td>64,812,300</td>
</tr>
<tr>
<td></td>
<td>273,549,124</td>
</tr>
<tr>
<td>Less finance charges component</td>
<td>(123,217,699)</td>
</tr>
<tr>
<td></td>
<td>150,331,425</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>126,006,898</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>24,324,527</td>
</tr>
<tr>
<td></td>
<td>150,331,425</td>
</tr>
</tbody>
</table>
15. Leases (company as lessee) (continued)

Comparative information for lease liabilities under IAS 17

The information presented for lease liabilities for the comparative period has been prepared on the basis of IAS 17, and therefore only represents the liability as at that date for finance leases and not for operating leases. This information is presented in the table which follows:

<table>
<thead>
<tr>
<th>Present value of minimum lease payments due</th>
<th>2019 N'000</th>
<th>2018 N'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>- within 1 year</td>
<td>22,446,538</td>
<td></td>
</tr>
<tr>
<td>- in second to fifth year inclusive</td>
<td>67,257,770</td>
<td></td>
</tr>
<tr>
<td>- later than five years</td>
<td>43,255,954</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>132,960,262</td>
</tr>
</tbody>
</table>

Reconciliation of lease liabilities

<table>
<thead>
<tr>
<th></th>
<th>Pipelines &amp; depots N'000</th>
<th>Total N'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 January 2019</td>
<td>132,960,262</td>
<td>132,960,262</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unwinding of discount (interest expense)</td>
<td>17,371,163</td>
<td>17,371,163</td>
</tr>
<tr>
<td>Repayment of lease liabilities (including interest)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>31 December 2019</td>
<td>150,331,425</td>
<td>150,331,425</td>
</tr>
</tbody>
</table>
16. Retirement benefit obligation

**Balance sheet obligation**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long service awards</td>
<td>695,799</td>
<td>598,419</td>
</tr>
<tr>
<td>Pension benefits</td>
<td>28,014,704</td>
<td>22,782,588</td>
</tr>
<tr>
<td>Gratuity benefits</td>
<td>31,862,040</td>
<td>29,225,403</td>
</tr>
<tr>
<td>Post employment medical benefits</td>
<td>1,290,862</td>
<td>1,035,307</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>61,863,405</td>
<td>53,641,717</td>
</tr>
</tbody>
</table>

The company has defined benefit plan comprising pension, gratuity, post retirement medical and long service award.

**Main Benefit Provisions of the Scheme**

- Mandatory retirement condition is the earlier of attaining age of 60 or 35 years of service for both male and female staff.

- The final pensionable salary for gratuity comprises consolidated annual salary, transport allowance, utility allowance, domestic allowance, security allowance, housing allowance, leave allowance, productivity allowance, gift voucher, meal allowance and power improvement allowance.

- The final pensionable salary for pension comprises consolidated annual salary, housing allowance and transport allowance.

- The Scheme provides pension benefit at exit, provided the exiting staff has attained the age of 45 and 10 years service. Also, the Scheme provides gratuity benefit to staff at exit.

- The pension benefits scale commences at 30% in the 10th year of service, increasing by 1% in each year of additional service up to 55% at the 35th year of service.

- All exiting employees are entitled to gratuity benefits provided they have served at least 5 years.

- The pension benefit plan became closed to dependants and new hires post 13th March 2017 and 30th June 2014 respectively.

- The post-employment medical care scheme provides to the pensioners and their registered spouses. Mandatory retirement age is the earlier of 60 years of age or 35 years of service and earlier retirement is 45 years of age and 10 years of service.

- For long service award, mandatory and earlier retirement age is the same for post-employment medical care. Certificate, plaque, and pins shall be provided for each of the milestones. The costs of certificate, plaque and pin are N3,100, N19,000, and N1,700 respectively for each awardee. The cash award benefits provided are as follows:

<table>
<thead>
<tr>
<th>Years of service</th>
<th>Cash award</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 years</td>
<td>N155,000</td>
</tr>
<tr>
<td>15 years</td>
<td>N285,000</td>
</tr>
<tr>
<td>20 years</td>
<td>N305,000</td>
</tr>
<tr>
<td>25 years</td>
<td>N355,000</td>
</tr>
<tr>
<td>30 years</td>
<td>N365,000</td>
</tr>
<tr>
<td>35 years</td>
<td>N345,000 plus 20% of consolidated annual salary</td>
</tr>
</tbody>
</table>
16. Retirement benefit obligation (continued)

**Income statement charges**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pension benefits</strong></td>
<td>4,522,450</td>
<td>3,828,350</td>
</tr>
<tr>
<td><strong>Gratuity</strong></td>
<td>5,706,601</td>
<td>5,679,690</td>
</tr>
<tr>
<td><strong>Long service awards</strong></td>
<td>122,754</td>
<td>94,134</td>
</tr>
<tr>
<td><strong>Post-retirement medical</strong></td>
<td>209,857</td>
<td>194,910</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>10,561,062</td>
<td>9,797,084</td>
</tr>
</tbody>
</table>

**Other comprehensive income charge**

Remeasurements on net defined benefit liability-net of tax

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>(4,801,018)</td>
<td>11,992,693</td>
</tr>
</tbody>
</table>

The amounts recognised in the income statements are as follows:

**Net benefit expense presented in admin expenses**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current service cost</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Pension</strong></td>
<td>1,019,291</td>
<td>956,307</td>
</tr>
<tr>
<td><strong>Gratuity</strong></td>
<td>1,423,779</td>
<td>1,546,266</td>
</tr>
<tr>
<td><strong>Long service awards</strong></td>
<td>33,822</td>
<td>27,440</td>
</tr>
<tr>
<td><strong>Post Retirement Medical</strong></td>
<td>50,403</td>
<td>52,136</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,527,295</td>
<td>2,582,149</td>
</tr>
</tbody>
</table>

**Interest cost on benefit obligation**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pension</strong></td>
<td>3,503,159</td>
<td>2,672,043</td>
</tr>
<tr>
<td><strong>Gratuity</strong></td>
<td>4,282,222</td>
<td>4,133,424</td>
</tr>
<tr>
<td><strong>Long service awards</strong></td>
<td>88,932</td>
<td>66,694</td>
</tr>
<tr>
<td><strong>Post Employment Medical</strong></td>
<td>159,454</td>
<td>142,774</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,033,767</td>
<td>7,214,935</td>
</tr>
</tbody>
</table>

Movement in the present values of the plan obligation over the year are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Long service awards</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Pension benefits</strong></td>
<td>22,782,588</td>
<td>29,225,403</td>
</tr>
<tr>
<td><strong>Gratuity benefits</strong></td>
<td>29,225,403</td>
<td>1,035,308</td>
</tr>
<tr>
<td><strong>Medical benefits</strong></td>
<td></td>
<td>53,641,719</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
16. Retirement benefit obligation (continued)

<table>
<thead>
<tr>
<th>Year</th>
<th>Retirement Benefit Obligation</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Long service awards</td>
<td>Pension benefits</td>
<td>Gratuity benefits</td>
</tr>
<tr>
<td></td>
<td>N'000</td>
<td>N'000</td>
<td>N'000</td>
</tr>
<tr>
<td>Opening balance-defined benefit obligation</td>
<td>478,485</td>
<td>20,546,884</td>
<td>29,930,103</td>
</tr>
<tr>
<td>Current service cost</td>
<td>27,440</td>
<td>956,307</td>
<td>1,546,266</td>
</tr>
<tr>
<td>Interest cost</td>
<td>66,694</td>
<td>2,872,043</td>
<td>4,133,424</td>
</tr>
<tr>
<td>Transfer in</td>
<td>28,749</td>
<td>1,661,736</td>
<td>2,126,269</td>
</tr>
<tr>
<td>Actuarial gains due to assumptions</td>
<td>(43,721)</td>
<td>(2,820,861)</td>
<td>(7,282,120)</td>
</tr>
<tr>
<td>Actuarial (gains)/loss due to experience</td>
<td>47,081</td>
<td>(332,521)</td>
<td>(1,228,539)</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(6,308)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>598,420</td>
<td>22,783,588</td>
<td>29,225,403</td>
</tr>
</tbody>
</table>

The principal actuarial assumptions are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Long service awards</th>
<th>Pension benefits</th>
<th>Gratuity benefits</th>
<th>Medical benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>2019</td>
<td>Discount rate</td>
<td>13.50</td>
<td>13.50</td>
<td>13.50</td>
</tr>
<tr>
<td></td>
<td>Salary increase rate</td>
<td>12.00</td>
<td>7.00</td>
<td>12.00</td>
</tr>
<tr>
<td></td>
<td>Inflation rate</td>
<td>11.00</td>
<td>11.00</td>
<td>11.00</td>
</tr>
<tr>
<td></td>
<td>Pension increase rate</td>
<td>-</td>
<td>4.00</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Benefit inflation rate</td>
<td>6.00</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Medical cost escalation rate</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2018</td>
<td>Discount rate</td>
<td>15.50</td>
<td>15.50</td>
<td>15.50</td>
</tr>
<tr>
<td></td>
<td>Salary increase rate</td>
<td>-</td>
<td>7.00</td>
<td>12.00</td>
</tr>
<tr>
<td></td>
<td>Inflation rate</td>
<td>12.00</td>
<td>12.00</td>
<td>12.00</td>
</tr>
<tr>
<td></td>
<td>Pension increase rate</td>
<td>-</td>
<td>4.00</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Benefit inflation rate</td>
<td>6.00</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Medical cost escalation rate</td>
<td>6.00</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The sensitivity of the overall retirement benefit plan liability to 1% change in discount rate in the following assumptions are presented below:
### 16. Retirement benefit obligation (continued)

<table>
<thead>
<tr>
<th></th>
<th>2019 %</th>
<th>Long service</th>
<th>Pension</th>
<th>Gratuity</th>
<th>Medical</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>awards</td>
<td>benefits</td>
<td>benefits</td>
<td>benefits</td>
</tr>
<tr>
<td>Base rate</td>
<td>695,800</td>
<td>28,014,703</td>
<td>1,290,863</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate</td>
<td>666,432</td>
<td>25,283,591</td>
<td>1,150,666</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary increase rate</td>
<td>716,190</td>
<td>31,214,920</td>
<td>1,457,969</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted salary increase</td>
<td>676,685</td>
<td>30,155,810</td>
<td></td>
<td>1,290,863</td>
<td></td>
</tr>
<tr>
<td>Future pension increase</td>
<td>29,347,132</td>
<td>33,717,120</td>
<td></td>
<td></td>
<td>1,290,863</td>
</tr>
<tr>
<td>Benefit escalation rate</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Life expectancy</td>
<td>Improve</td>
<td>28,398,339</td>
<td>1,311,286</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Worsen</td>
<td>27,621,648</td>
<td>1,270,240</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018 %</th>
<th>Long service</th>
<th>Pension</th>
<th>Gratuity</th>
<th>Medical</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>awards</td>
<td>benefits</td>
<td>benefits</td>
<td>benefits</td>
</tr>
<tr>
<td>Base rate</td>
<td>1,035,308</td>
<td>22,782,588</td>
<td>598,420</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate</td>
<td>931,593</td>
<td>20,717,568</td>
<td>572,041</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary increase rate</td>
<td>1,157,125</td>
<td>25,172,937</td>
<td>626,972</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefit escalation rate</td>
<td>703,527</td>
<td>23,866,419</td>
<td>616,983</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life expectancy</td>
<td>Improve</td>
<td>23,039,702</td>
<td>600,764</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Worsen</td>
<td>22,518,069</td>
<td>597,159</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Maturity profile of defined benefit obligations**

<table>
<thead>
<tr>
<th>Year</th>
<th>Long service award N’000</th>
<th>Pension benefit N’000</th>
<th>Gratuity benefit N’000</th>
<th>Medical benefit N’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>100,270</td>
<td>512,868</td>
<td>4,501,793</td>
<td>19,118</td>
</tr>
<tr>
<td>2021</td>
<td>127,647</td>
<td>823,916</td>
<td>2,737,121</td>
<td>31,298</td>
</tr>
<tr>
<td>2022</td>
<td>200,571</td>
<td>1,551,033</td>
<td>6,586,414</td>
<td>58,280</td>
</tr>
<tr>
<td>2023</td>
<td>9,751</td>
<td>1,990,847</td>
<td>3,997,848</td>
<td>78,213</td>
</tr>
<tr>
<td>2024</td>
<td>32,145</td>
<td>2,769,159</td>
<td>7,476,412</td>
<td>109,604</td>
</tr>
<tr>
<td>2025-2029</td>
<td>856,835</td>
<td>27,016,223</td>
<td>34,183,949</td>
<td>1,124,952</td>
</tr>
</tbody>
</table>
16. Retirement benefit obligation (continued)

<table>
<thead>
<tr>
<th></th>
<th>Long service award</th>
<th>Pension benefit</th>
<th>Gratuity benefit</th>
<th>Medical benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N'000</td>
<td>N'000</td>
<td>N'000</td>
<td>N'000</td>
</tr>
<tr>
<td>2019</td>
<td>49,770</td>
<td>363,119</td>
<td>3,196,330</td>
<td>13,140</td>
</tr>
<tr>
<td>2020</td>
<td>106,362</td>
<td>963,044</td>
<td>5,444,959</td>
<td>35,538</td>
</tr>
<tr>
<td>2021</td>
<td>135,968</td>
<td>1,264,370</td>
<td>2,678,318</td>
<td>48,667</td>
</tr>
<tr>
<td>2022</td>
<td>203,772</td>
<td>2,072,915</td>
<td>7,556,457</td>
<td>79,139</td>
</tr>
<tr>
<td>2023</td>
<td>10,613</td>
<td>2,537,565</td>
<td>4,313,649</td>
<td>101,206</td>
</tr>
<tr>
<td>2024-2028</td>
<td>999,489</td>
<td>26,731,631</td>
<td>43,217,740</td>
<td>1,123,045</td>
</tr>
</tbody>
</table>

17. Trade and other payables

Financial instruments:
- Trade payables: 11,187,839 (2018: 9,928,074)
- Retention: 195,312
- Staff deductions payables: 168,828
- Statutory payables: 3,780,529 (2018: 2,007,918)

Total: 15,332,508 (2018: 11,935,992)

18. Contract liabilities

Summary of contract liabilities:
- Transportation of petroleum products: 319,090 (2018: 480,043)

Reconciliation of contract liabilities:
- Opening balance: 480,043
- Revenue recognised on delivery of goods/services previously paid for: (160,953)
- Payments received in advance of delivery of performance obligations: - 480,043

Total: 319,090 (2018: 480,043)
18. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Note(s)</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>10</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018</th>
<th>Note(s)</th>
<th>Amortised cost</th>
<th>Total</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other receivables</td>
<td>10</td>
<td>66,841,750</td>
<td>66,841,750</td>
<td>66,841,750</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>11</td>
<td>3,166,120</td>
<td>3,166,120</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>70,007,870</td>
<td>70,007,870</td>
<td>66,841,750</td>
</tr>
</tbody>
</table>

Categories of financial liabilities

<table>
<thead>
<tr>
<th>2019</th>
<th>Note(s)</th>
<th>Amortised cost</th>
<th>Leases</th>
<th>Total</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>16</td>
<td>15,332,508</td>
<td>-</td>
<td>15,332,508</td>
<td>-</td>
</tr>
<tr>
<td>Finance lease obligations</td>
<td></td>
<td>- 150,331,425</td>
<td>150,331,425</td>
<td>165,663,933</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>15,332,508</td>
<td>150,331,425</td>
<td>165,663,933</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018</th>
<th>Note(s)</th>
<th>Amortised cost</th>
<th>Total</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>16</td>
<td>11,935,990</td>
<td>11,935,990</td>
<td>-</td>
</tr>
</tbody>
</table>
18. Financial instruments and risk management (continued)

Capital risk management

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance lease liabilities</td>
<td>150,331,425</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>15,332,508</td>
<td>11,935,990</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>165,663,933</td>
<td>11,935,990</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>(9,658,069)</td>
<td>(3,166,120)</td>
</tr>
<tr>
<td>Net liabilities</td>
<td>156,005,864</td>
<td>8,769,870</td>
</tr>
<tr>
<td>Equity</td>
<td>(151,876)</td>
<td>9,682,985</td>
</tr>
<tr>
<td>Gearing ratio</td>
<td>(102,719)%</td>
<td>91 %</td>
</tr>
</tbody>
</table>

Financial risk management

Credit risk

Credit is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Impairment losses on financial assets recognised in profit or loss were disclosed in note 5

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gross carrying amount</td>
<td>Credit loss allowance</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>93,496,373</td>
<td>(2,423,409)</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>9,658,070</td>
<td>-</td>
</tr>
</tbody>
</table>

103,154,443 (2,423,409) 100,731,034 71,649,753 (1,641,883) 70,007,870

Refer to the notes specific to the exposures in the table above, for additional information concerning credit risk.
19. Financial instruments and risk management (continued)

Liquidity risk

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

<table>
<thead>
<tr>
<th></th>
<th>2019 Less than 1 year</th>
<th>2019 Total</th>
<th>2019 Carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance lease liabilities</td>
<td>-</td>
<td>126,006,898</td>
<td>126,006,898</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>29,330,513</td>
<td>29,330,513</td>
<td>15,332,508</td>
</tr>
<tr>
<td>Finance lease liabilities</td>
<td>24,324,527</td>
<td>24,324,527</td>
<td>24,324,527</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>63,363,668</td>
<td>189,370,566</td>
<td>172,811,378</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018 Less than 1 year</th>
<th>2018 Total</th>
<th>2018 Carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>17</td>
<td>10,527,422</td>
<td>11,935,990</td>
</tr>
</tbody>
</table>

20. Prior period errors

Upfront deposits from trade customers were net off from trade customers (receivables) in 2018. This has been restated with deposit presented within trade payables. The trade customers balance has increased due to this restatement.

The impact adjustments of IFRS 9 expected credit loss allowance on trade and other receivables were omitted from 2018 audited financial statements. This has now been included and restated accordingly.

The correction of the error(s) results in adjustments as follows:

**Statement of Financial Position**

- Trade and other receivables: -(1,641,884)
- Opening retained earnings: -(1,641,884)

**Profit or Loss**

- Allowance for impairment on trade receivables: 1,641,884
### 19. Prior period errors (continued)

Details of restated balances as at 31/12/2018

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N'000</td>
<td>N'000</td>
</tr>
<tr>
<td><strong>Trade and other receivables</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As reported</td>
<td>65,366,888</td>
<td>10,527,423</td>
</tr>
<tr>
<td>Reclassification of customers' deposits</td>
<td>479,623</td>
<td>479,623</td>
</tr>
<tr>
<td>Allowance for impairment- trade and other receivables</td>
<td>(1,541,884)</td>
<td>-</td>
</tr>
<tr>
<td>Impairment loss- trade receivables</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Restated</strong></td>
<td>64,204,627</td>
<td>11,007,046</td>
</tr>
</tbody>
</table>
21. Changes in accounting policy

The Company has a lease contract with the Nigerian National Petroleum Corporate Headquarters (CHQ), which falls within the scope of IFRS 16. It confers on NPSC, the right to control the use of storage tanks and other pipeline equipments required for the company's operations in exchange for quarterly cash payments over the term of the lease. In addition, the lease term is longer than 12 months for all assets involved and the underlying assets are all of significant value.

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 16 Leases

In the current year, the company has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 01 January 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the company's financial statements is described below.

The company has applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical expedient allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by IAS 17 and IFRIC 4 as containing leases.

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. The company recognised right-of-use assets at an amount equals to the lease liability as at 01 January 2019.

Leases where company is lessee

Leases previously classified as operating leases

The company undertook the following at the date of initial application for leases which were previously recognised as operating leases:
- recognised a lease liability, measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate at the date of initial application.
- recognised right-of-use assets measured at an amount equal to the lease liability adjusted for accruals or prepayments relating to that lease prior to the date of initial application.

The company did not apply IAS 36 to consider if these right-of-use assets are impaired, but rather applied the practical expedient of IFRS 16 par C10(b). In accordance with this practical expedient, the carrying amounts were adjusted with the amount of any onerous provision which existed immediately prior to the date of initial application. There was no onerous provision at that date of initial application.

The company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis:
21. Changes in accounting policy (continued)

- when a portfolio of leases contained reasonably similar characteristics, the company applied a single discount rate to that portfolio;
- leases which were expiring within 12 months of 01 January 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consumed;
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application.

Determination of the lease term

The contract does not outrightly state a lease term, however, we have determined the lease term to be the respective useful lives of the assets based on the following factors:

- Based on the terms of the agreement, the assets were specifically acquired/constructed for the use of the company and they are specialised and crucial to its operations.
- Although there is a provision which states that the contract is cancellable by either party, we determined that it is reasonably certain that neither Corporate Headquarters (CHQ) nor the company will exercise this option as the lease has been in operation for decades without being terminated due to the arrangement being critical to the company's operations, in which CHQ has an interest as its parent company.
- The contract also states that the Company shall not have a purchase option on the assets. However, the company is likely to retain the right to control the use of the assets for most or all of their useful lives.

Impact on financial statements

On transition to IFRS 16, the company recognised ₦132,960,262 of right-of-use assets and ₦132,960,262 of lease liabilities.

When measuring lease liabilities, company discounted lease payments using its incremental borrowing rate at 01 January 2019. The weighted average rate applied is 3.33% per quarter and 14% per annum.

The total depreciation charge increased by ₦13,034,336.95 and finance cost increased by ₦17,371,163,118.75. Operating expenses increased by ₦30,425,500,077.

The net effect on retained earning resulted in a decrease by ₦6,339,234,657.58

Reconciliation of previous operating lease commitments to lease liabilities under IFRS 16

<table>
<thead>
<tr>
<th>01 January</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>₦'000</td>
<td></td>
</tr>
<tr>
<td>Operating lease commitment at 31 December 2018 as previously disclosed</td>
<td>273,549,124</td>
</tr>
<tr>
<td>Discounted using the incremental borrowing rate at 01 January 2019</td>
<td>134,726,529</td>
</tr>
<tr>
<td>Less recognition exemption for:</td>
<td></td>
</tr>
<tr>
<td>Short term leases</td>
<td>(1,766,367)</td>
</tr>
<tr>
<td>Leases of low value assets</td>
<td>-</td>
</tr>
<tr>
<td>Lease liabilities recognised at 01 January 2019</td>
<td>132,960,262</td>
</tr>
</tbody>
</table>
21. Due to related parties

Relationships
Ultimate holding company
Nigerian National Petroleum Corporation. It owned 99% of the issued share of the Company as at the end of the reporting year.

Significant related party transactions were in respect of funds transfer from NNPC, staff transfer, shared cost allocations and other third party transactions entered into for/or on behalf of the related parties.

The primary source of revenue for the Company is from tariff income earned on movement of petroleum products on behalf of the parent Company and throughput income from storage of petroleum products

Holding company
Members of key management
Oyetund Ada Nneka
George Mieba Jim
Mrs Philomena
Ismaila Isma

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties
Nigerian National Petroleum Corporation (Parent Company) 78,373,254 60,776,803
Due from other sister subsidiaries 12,760,723 5,274,209

Amount due from/(to) other sister subsidiaries
Petroleum Products and Marketing Company Limited 10,916,871 5,248,362
Kaduna Refining and Petrochemical Company Limited 79,146 (4,261)
Warri Refining and Petrochemical Company Limited 1,584,614 -
NNPC Retail Limited 193,065 25,847

Related party transactions

Cost of administrative support services provided and contributions to pensions funds for gratuity and long term benefits
Nigerian National Petroleum Corporation 1,668,584 5,873,619

Revenue (Jetty fee etc)
NNPC Retail Limited 101,160 42,777

Tarrif on product transportation
Nigerian National Petroleum Corporation 109,394 42,753,822

Lease payments on leased pipelines and depots

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>N '000</td>
<td>N '000</td>
</tr>
</tbody>
</table>
22. Due to related parties (continued)

Nigerian National Petroleum Corporation 30,425,500

23. Directors and employees

The directors received emoluments (excluding pension contribution) in the following ranges:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N '000</td>
<td>N '000</td>
</tr>
<tr>
<td>Above N5,000,000</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Staff cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>4,000,703</td>
<td>19,885,237</td>
</tr>
<tr>
<td>Employee benefits expenses</td>
<td>10,561,062</td>
<td>9,797,084</td>
</tr>
<tr>
<td></td>
<td>14,561,765</td>
<td>29,682,321</td>
</tr>
</tbody>
</table>

The number of employees of the company, other than the directors whose duties were wholly and mainly discharged in Nigeria and received remuneration (excluding pension contribution) are in the following ranges:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Number</td>
</tr>
<tr>
<td>Above N5,000,000</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Staff cost</td>
<td></td>
<td></td>
</tr>
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</tr>
<tr>
<td></td>
<td>14,561,765</td>
<td>29,682,321</td>
</tr>
</tbody>
</table>

24. Financial commitments

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

25. Contingencies

 Pending litigations and claims

The Company is engaged in some lawsuits which have arisen in the normal course of business and are being handled by the Company's legal counsels. The stated amounts in these lawsuits is N14.85bn (2018: N14.85bn). In the opinion of the management and based on the independent legal advice, the Company's liabilities are not likely to the material because the cases are against other members of the group and the parent Company, thus no provision has been made in these financial statements.
26. New Standards and Interpretations

26.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

26.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2020 or later periods:

IFRS 17 Insurance Contracts

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

The effective date of the standard is for years beginning on or after 01 January 2021.

The company expects to adopt the standard for the first time in the 2021 financial statements.

It is unlikely that the standard will have a material impact on the company's financial statements.
## Value Added Statement

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2019</th>
<th>2018</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N'000</td>
<td>%</td>
<td>N'000</td>
<td>%</td>
</tr>
</tbody>
</table>

### Value Added

**Turnover**

- Local: 49,014,311

**Bought-in materials and services**

- Local: (25,300,693)

**Total Value Added**

21,084,066  100

19,380,869  100

### Value Distributed

**To Pay Employees**

Salaries, wages, medical and other benefits: 4,000,703

4,000,703  19

19,885,237  103

**To Pay Providers of Capital**

Finance costs: 17,371,163

17,371,163  82

**To be retained in the business for expansion and future wealth creation:**

Depreciation, amortisation and impairments: 1,039,473

1,039,473  5

1,905,341  10

**Value retained**

Retained profit: (1,327,273)

(1,327,273)  (6)

2,409,709  (12)

**Total Value Distributed**

21,084,066  100

19,380,869  100

Value added represents the additional wealth which the company has been able to create by its own and employees' efforts.
## Statement of Financial Position

### Assets

### Liabilities

### Equity
- Share capital: 2019: 100,000, 2018: 100,000, 2017: 100,000
- Retained income: 2019: (251,876), 2018: 9,582,985
- Total equity: 2019: (151,876), 2018: 9,682,985, 2017: 100,000

## Statement of Profit or Loss and Other Comprehensive Income

- Revenue: 2019: 49,014,311, 2018: 44,400,733
- Cost of sales: 2019: (13,054,337), 2018: (1,498,440)
- Administrative expenses: 2019: (19,916,084), 2018: (45,312,002)
- Operating profit (loss): 2019: 16,043,890, 2018: (2,409,709)
- Finance costs: 2019: (17,371,163)
- Loss before taxation: 2019: (1,327,273), 2018: (2,409,709)
- Loss for the year: 2019: (1,327,273), 2018: (2,409,709)
- Retained loss for the year: 2019: (1,327,273), 2018: (2,409,709)