Interim Report and IFRS Financial Statements (Unaudited)
for the 6-Month period ended 30 June 2020

TABLE OF CONTENT

RAK UNITY PETROLEUM PLC

Statement of Financial Position as at 30 June 2020

	Note	30 June 2020	31 December 2019
ASSETS:		**N' 000**	**N' 000**
Non-Current Assets			
Property, plant and equipment	13	105,670	108,701
Right of use of an asset	17.1	41,106	48,641
Non-current assets		**146,776**	**157,342**
Current Assets			
Inventories	14	0	(0)
Trade and other receivables	15	1,267,152	1,330,810
Cash and cash equivalents	16	276,582	545,207
Prepayments	17.2	-	503
Current assets		**1,543,734**	**1,876,520**
Total Assets		**1,690,510**	**2,033,862**
EQUITY:		**N' 000**	**N' 000**
Share capital	18	28,312	28,312
Share premium	18	307,576	307,576
Retained Earnings	19	198,769	215,739
Total Equity		**534,658**	**551,627**
LIABILITIES:		**N' 000**	**N' 000**
Non-Current Liabilities			
Deferred tax liability		1,501	1,501
Non-current liabilities		**1,501**	**1,501**
Current Liabilities			
Trade payables and Other Payables	20	1,124,093	1,456,278
Current tax payables		30,257	24,455
Current liabilities		**1,154,351**	**1,480,734**
Total Liabilities		**1,155,853**	**1,482,236**
Total Equity and Liabilities		**1,690,510**	**2,033,862**

The financial statements set out on pages 3 to 21 were approved by the Board of Directors on 30th June 2020 and signed on their behalf by:

James Ogungbemi
Chief Executive Officer/Managing Director
FRC/2013/NIM/00000004313

Okonkwo Obumneme Chukwumobi
Director
FRC/2014/IODN/00000008764

Olumuyiwa Adebayo
Chief Finance Officer
FRC/2013/ICAN/00000000863

RAK UNITY PETROLEUM PLC

Statement of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2020

	Note	30 June 2020		30 June 2019	
		3 Months	6 Months	3 Months	6 Months
		₦' 000	₦' 000	₦' 000	₦' 000
Revenue	5	344,166	1,160,590	1,230,298	2,905,208
Cost of sales	6	(321,666)	(1,085,955)	(1,168,569)	(2,784,327)
Gross Profit		**22,500**	**74,635**	**61,729**	**120,881**
Operating Expenses:					
Administrative and management expenses	9.1	21,030	47,196	47,996	90,874
Selling and distribution expenses	9.2	15,342	38,607	35,496	69,626
Operating expenses		**36,372**	**85,803**	**83,493**	**160,500**
Operating Profit/(Loss)		**(13,872)**	**(11,168)**	**(21,764)**	**(39,619)**
Investment and other income	10	-	-	-	-
Profit/(Loss) before taxes		**(13,872)**	**(11,168)**	**(21,764)**	**(39,619)**
Minimum Tax	11	(1,721)	(5,802)	-	-
Income taxes	11	-	-	1,251	6,964
Profit/(Loss) for the year		**(15,593)**	**(16,970)**	**(20,513)**	**(32,655)**
Other Comprehensive Income:					
** Items that will not be reclassified subssequently to profit or loss:*					
		-	-	-	-
** Items that may be reclassified subssequently to profit or loss:*					
		-	-	-	-
Other comprehensive income for the year, net of taxes		-	-	-	-
Total Comprehensive Income for the year		**(15,593)**	**(16,970)**	**(20,513)**	**(32,655)**
Earnings per share (EPS):		**30 June 2020**		**30 June 2019**	
- Basic EPS (in the nearest Naira)	27	(0.28)	(0.30)	(0.36)	(0.58)
- Diluted EPS (in the nearest Naira)	27	(0.28)	(0.30)	(0.36)	(0.58)

RAK UNITY PETROLEUM PLC
Statement of Changes in Equity for the period-ended 30 June 2020

	30 June 2020			
	Share Capital	Share Premium	Retained Earnings	Total Equity
	₦' 000	₦' 000	₦' 000	₦' 000
Balance as at 1 April 2020	**28,312**	**307,576**	**214,361**	**550,249**
Profit for the year			(15,593)	**(15,593)**
Other comprehensive income:				-
Total comprehensive income for the period	-	-	**(15,593)**	**(15,593)**
Transaction with owners' of equity:				
Dividend paid			-	-
Transactions with owners' of equity	-	-	-	-
Balance as at 30 June 2020	**28,312**	**307,576**	**198,769**	**534,656**

RAK UNITY PETROLEUM PLC
Statement of Changes in Equity for the period-ended 30 June 2019

	30 June 2019			
	Share Capital	Share Premium	Retained Earnings	Total Equity
	₦' 000	₦' 000	₦' 000	₦' 000
Balance as at 1 April 2019	**28,312**	**307,576**	**249,044**	**584,933**
Profit for the year				-
Other comprehensive income:			(20,513)	**(20,513)**
Total comprehensive income for the period	-	-	**(20,513)**	**(20,513)**
Transaction with owners' of equity:				
Dividend paid			-	-
Transactions with owners' of equity	-	-	-	-
Balance as at 30 June 2019	**28,312**	**307,576**	**228,531**	**564,420**

RAK UNITY PETROLEUM PLC

Statement of Cash Flows

For the period ended 30 June 2020

	Note	30-Jun-20	30-Jun-19
		₦' 000	N' 000
Cash Flows from Operating Activities:			
Profit for the year	7	(15,593)	(20,513)
Adjustments for:			
Income taxes recognised in profit or loss		-	(1,251)
Minimum tax		1,721	-
Amortised lease rentals from the 'Right of Use Assets'		7,535	11,759
Depreciation, amortisation, depletion and impairment		2,199	5,339
		(4,138)	**(4,666)**
Movements in working capital:			
(Increase)/Decrease in inventories		2,065	1,622
Decrease/(Increase) in trade and other receivables	15	213,121	(107,280)
Decrease/(Increase) in Prepayment	17.1	-	(35,851)
(Decrease)/Increase in trade and other payables	20	(98,875)	70,974
Cash generated from operations		**112,174**	**(75,201)**
Tax paid		-	(14,807)
Net cash used in operating activities		**112,174**	**(90,008)**
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment	13	-	(9,848)
Payment arising from 'Right of Use Assets'		-	-
Net cash (used in)/generated by investing activities		**-**	**(9,848)**
Cash Flows from Financing Activities:			
Dividend paid		-	-
Net cash generated by financing activities		**-**	**-**
Net increase/(decrease) in cash and cash equivalents		**112,174**	**(99,856)**
Cash and cash equivalents as at beginning of the period	16	**164,408**	**459,163**
Cash and cash equivalents at the end of the period	16	**276,582**	**359,307**

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1 General information about the reporting entity

Rak Unity Petroleum Plc was incorporated in Nigeria under the Companies and Allied Matters Act as a private limited liability company on 20th December 1982 and converted to a public company on 16th November 1987 . The Company is domiciled in Nigeria and the address of its registered office is Block 5 Ijora Gra Beside Lagos State Water Corporation Ijora Lagos .The principal activities of the Company are to carry on the business of Petroleum sales, Marketing, Store oils, Petrol, Gas, Kerosene, Filling station, erect structures for that purpose. The Company deals in Retail and Bulk supply of Petroleum Products.

Composition of financial statements

The financial statements comprise:

- Statement of financial position
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements.

Other national disclosures:

- Value added statement

Financial period

On 7 December, 2016, the Board of Directors of the Company passed a resolution and changed the Company's accounting date from 31 March to 31 December. These financial statements cover the reporting period from 1 January 2020 to 30 June 2020. The comparative figures cover the period 1 January 2019 to 31 December 2019.

2 Adoption of new and revised Standards

2.1 New and amended IFRS Standards that are effective for the current year

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. However, the Company has elected to restate comparatives in respect of the classification and measurement of financial instruments. Additionally, the Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2020 and to the comparative period.

IFRS 9 introduced new requirements for:
1) The classification and measurement of financial assets and financial liabilities,
2) Impairment of financial assets, and
3) General hedge accounting.
Details of these new requirements as well as their impact on the Company's financial statements are described below.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.
(a) Classification and measurement of financial assets: The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 January 2018 have been restated where appropriate.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

(b) Impairment of financial assets: In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:
(1) Debt investments measured subsequently at amortised cost or at FVTOCI;
(2) Lease receivables;
(3) Trade receivables and contract assets; and
(4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit‑impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit‑impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12‑months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

(c) Classification and measurement of financial liabilities: A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer. Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognised. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

(d) General hedge accounting: The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Group's risk management activities have also been introduced. The Company does not current hedge, since it presently has no complex transaction that exposes it to signaticant market risk based on its marketing of petroleum products locally.

<u>Application and Impact of IFRS 15 Revenue from Contracts with Customers</u>

In the current year, the Company has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5‑step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Details of the new requirements as well as their impact on the Company's financial statements are described in the disclosure of accounting policy on revenue from contract with customers.

IAS 40 (amendments) Transfers of Investment Property

The XCompany has no investment properties and has no recourse presently in applying the requirement of changes to IAS 40. The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

Annual Improvements to IFRS Standards 2014 – 2016 Cycle

(i) Amendments to IAS 28 Investments in Associates and Joint Ventures:
The Company has not adopted the amendments to IAS 28 beacuse it has no investment in an associat, and the amendment included in the Annual Improvements to IFRS Standards 2014–2016 Cycle for the first time in the current year. The amendments clarify that the option for a venture capital organisation and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition.

(ii) IFRIC 22 Foreign Currency Transactions and Advance Consideration:

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non‑monetary asset or non‑monetary liability (for example, a non‑refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non‑monetary asset or non‑monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

2.2 <u>New and revised IFRS Standards in issue but not yet effective</u>

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

* IFRS 16 Leases;
* IFRS 17 Insurance Contracts;
* Amendments to IFRS 9 (Prepayment Features with Negative Compensation);
* Amendments to IAS 28 (Long‑term Interests in Associates and Joint Ventures);
* Annual Improvements to IFRS Standards 2015–2017 Cycle (Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs);
* Amendments to IAS 19 Employee Benefits (Plan Amendment, Curtailment or Settlement);
* IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture; and

3 Significant Accounting Policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standard Board (IASB).

3.2 Basis of Preparation and Adoption of IFRS

The Company prepares its financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by International Acounting Standard Board (IASB). The Company changed its year-end to 31 December, with effect from 31 December 2016.

The financial statements have been prepared on a historical cost basis, except for those that may be measure at fair value, present value or other basis of measurement as may be disclosed in the accounting policies for individual assets, liabilities, transactions and events. The carrying values of recognised assets and liabilities are recognised and measured on a going concern basis. The financial statements are presented in Nigerian Naira and all values are rounded to the nearest thousand (₦'000), except when otherwise indicated.

3.3 Revenue recognition

The Company derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the major product lines, while include sales of petroleum products and provision of space for retail stations. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments.

Revenue from contracts with customers is recognized based on the application of a principle-based 'five step' model of IFRS 15, which is as follows:

Step 1: Identifying the contract;
Step 2: Identifying performance obligations;
Step 3: Determining the transaction price;
Step 4: Allocating the transaction price to performance obligations; and
Step 5: Recognize revenue when each performance obligation is satisfied.

3.3.1 *Sale of Goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods, including:

- *The Company has transferred to the buyer the significant risks and rewards of ownership of the goods.*
- *The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.*

- *The amount of revenue can be measured reliably.*
- *It is probable that the economic benefits associated with the transaction will flow to the Company.*
- *The costs incurred or to be incurred in respect of the transaction can be measured reliably.*

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, value added taxes, excise duties and similar levies. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

3.3.2 *Interest Income*

* Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.3.3 *Rental Income*

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature.

3.4 Income Taxes

The income tax components are the current taxes and deferred taxes.

3.4.1 *Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.4.2 *Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

** When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss*

** In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future*

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

** When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss*

** In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised*

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax liabilities arising from investment properties at fair value are measured based on the tax consequence of the presumption that the carrying amount of the investment properties measured at fair value will be recovered entirely through sale. This presumption is consistent with the management's business model for the Company's investment properties.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.4.3 *Value Added Tax*

Revenues, expenses and assets are recognised net of the amount of Value Added Tax @ 5%, except:

* Where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

* Receivables and payables are stated with the amount of Value Added Tax included The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.5 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Property, plant and equipment transferred from Third Party of Related Parties is initially measured at the fair value at the date on which control is obtained. Land and buildings are measured at fair value, less accumulated depreciation on buildings, and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recognised in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the asset's original cost. Additionally, accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The following useful lives are used in the calculation of depreciation:

• Leasehold Properties	*5 years*
• Plants and machinery	*5 years*
• Motor vehicles	*4 years*
• Office equipment	*5 years*
• Leasehold Improvement	*10 years*
• Furniture and fittings	*10 years*
• Work in progress	Nil

3.6 Intangible assets

3.6.1 *Intangible assets acquired separately:*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3.6.2 *Derecognition of intangible assets*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.7 Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cashgenerating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a Weighted Average Cost basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The company does not hold inventory, except petroleum products loaded at suppliers' depot into the assigned company's peddler trucks, as it currrently operates a Just in Time System for its Inventory Procurement.

3.9 Leases

The Company leases its petrol-retailing stations. The leases typically run for 5 years, with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rentals. The lease agreements do not provide for additional rent payments that are based on changes in local price indices. The Company is restricted from entering into any sub-lease arrangements.

The petrol-retailing stations were entered into many years ago as combined leases of land and buildings. Previously, these leases were classified as operating leases under IAS 17, and advance payment accounted for as prepayments; and from the financial year beginning 1 January 2019 has applied the requirement of IFRS 16, thereby recognising the 'Right of Use Assets' in its balance sheet.

During 2019, two of the leased petrol-retailing stations have been exited by the Company, thereby leaving the Company with 4 operational petrol-retailing stations.

The Company has recognise the right-of-use assets at the present value (being the fair value) of the cash considerations made in advance to the lessors (or owners) of the separately identified leased assets, whereas no lease liabilities were reported in the books, as all payments covering the entirety of the lease period were paid in advance to the respective lessors at the inception of the lease.

The management of the Copany carried out an impact assessment of the adoption and implementation of IFRS 16, and reached a conclusion of immaterial and very low impact in its operations and financial stateemnts, as it can be seen in Note 17.1

3.10 Provisions and Contingencies

(ii) General provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation t the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts: Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Restructurings: A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties: Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Company's obligation.

(ii) Decommissioning liability

The Company recognises a decommissioning liability where it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and reliable estimate of the amount of obligation can be made.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas assets to the extent that it was incurred by the development/construction of the field. Any decommissioning obligations that arise through the production of inventory are expensed when the inventory item is recognised in cost of goods sold.

Changes in the estimated timing of decommissioning or changes to the decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to oil and gas assets.

Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Company considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment in accordance with IAS 36. If, for mature fields, the estimate for the revised value of oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in profit or loss as a finance cost.

The company recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset. The company currently has no provision for decommissioning

(iii) Environmental expenditures and liabilities

Environmental expenditures that relate to current or future revenues are expensed or capitalised as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future earnings are expensed.

Liabilities for environmental costs are recognised when a clean-up is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

The amount recognised is the best estimate of the expenditure required. Where the liability will not be settled for a number of years, the amount recognised is the present value of the estimated future expenditure.

(iv) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

3.11 Financial instruments – initial recognition and subsequent measurement

3.11.1 Financial Assets

Initial recognition and measurement:

Financial assets in the scope of IFRS 9 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and amortised cost, or derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which do not include transaction costs.

Purchases or sales of financial assets that require delivery of assets in a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date at which the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification, as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IFRS 9.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative changes in fair value) or finance revenue (positive net changes in fair value) in the statement of comprehensive income.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at the initial recognition date and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The company has no debt instrument except similar instrument which is the trade receivables. Where the Company has a debt instrument, it will measure the financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) 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; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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 of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. 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.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions
- Trade receivables, including contract assets

The Company recognises an allowance for Expected Credit Losses (ECLs) for trade receivables adopting the simplified approach through the aid of 'provision matrix' in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience (even though in the last five of the company's operation upon its revival from comatose, there have been no feasible evidence of loss, loss rate or default due to the stringent credit policy of the company vis-a-vis the nature of technical agreement entered into regarding its assigned sales, which require collection of receivables from the assignor where practicable), and adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial Liabilities

Initial recognition and measurement

3.11.2 Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts where applicable.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Primarily in the last five years of the comapny's operations, its major financial liabilities has been trade and other payables, which are not interest nearing and of which the Effective Interest Method may not necessarily apply.

Amortised cost is calculated by taking into account 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 the statement of profit or loss.

Derecognition

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 the statement of profit or loss.

Offsetting of financial instruments

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
3.11.3 simultaneously.

Hedging and Hedge Accounting

The comapny's operations is pure marketing and still growing and has no market exposure to hedge, and likewise have no consideration in its present condition to apply hedge accounting.

3.11.4

3.11.5 ***Fair value of financial instruments***

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

3.11.6 ***Cash and cash equivalents***

Cash and cash equivalents in the statement of financial position comprise cash at banks and at hand and short term deposits with an original maturity of three months or less, but exclude any restricted cash which is not available for use by the Company and therefore is not considered highly liquid – for example, cash set aside to cover decommissioning obligations.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts.

3.12 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

• Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

• Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

• Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these financial statements, the assets and liabilities of the Company's foreign operations are translated into Currency Units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

3.13 Employee benefits

3.13.1 *Short-term benefits*

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave in the period the related services is rendered at the undiscounted amount of the benefits expected to e paid in exchange fore that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3.13.2 *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as personnel expenses in profit or loss in the periods during which related services are rendered. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value. The company complied with the requirement of New Pension Reform Act of 2014, in which the employee contributes minimum of 8% and employer minimum contribution of 10%.

3.13.3 *Termination benefits*

The company recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing benefits as a result of an offer made to encourage voluntary termination. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective assets. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalised and deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4.1 *Critical judgements in applying accounting policies*

The following are the critical judgements, apart from those involving estimations (see note 5.2 below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

* Revenue recognition: The Company has an agreement with related party to conduct sales on its behalf. The related party lifts products and sells to the customers. Payments for those sales are equally received by the related party. As a consideration the related party receives 10% commission on the margins made on such sales. Management views the arrangement as an agency relationship with the Company as the principal and the related party as agent. This judgment is based on the following considerations:
i) The agreement transfers all risks and rewards of the transaction to the Company.
ii) The related party does not recognise revenue on the sales made under the agreement in its own books. It only recognises 5% gross margin as other income in its own books.
iii) Asharami Synergy Plc discloses on the face of invoices issued to the customers that it is an agent of the Company.

** Deferred taxation and recovery of deferred tax assets*

** Contingencies*

4.2 ***Key sources of estimation uncertainty***

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of assets

Determining whether assets are impaired requires an estimation of the value in use of the cash-generating units to which assets have been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The assets were assessed for impairment and there was no indication of impairment observed. Therefore, no impairment loss was recognised during the year.

Useful lives of property, plant and equipment

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the directors determined that the useful lives of items of equipment should be same as previously determined.

Impairment of trade and other receivables

The Company makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to assess provisioning for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

5 **Revenue**

	30-Jun-20 ₦' 000	30-Jun-20 N' 000
Revenue from AGO	932,046	2,409,015
Revenue from PMS	208,159	459,823
Revenue from DPK	20,335	21,151
Revenue from LUBES	-	15,218
	1,160,540	**2,905,207**

6 **Cost of Sales**

	30-Jun-20 ₦' 000	30-Jun-20 N' 000
AGO	871,524	2,312,529
PMS	195,744	437,810
DPK	18,687	20,064
LUBES	-	13,924
	1,085,955	**2,784,327**

7 Segment information

All of the Company's assets and operations are located in Nigeria. For management reporting purposes, the Company is organised into business units based on the main types of activities and has three reportable operating segments, as follows:

** Bulk Segment relates to Bulk Commercial Sale of Petroleum Product such as PMS, AGO, DPK and Lubes*
** Retails Segment relates to sale of Petroleum Product via the Retail Outlets*
** Dump Segment relates to the sale of Petroleum Product via Dumpsites provided at customers site/premises.*

No operating segments have been aggregated to form the above reportable operating segments.

The Executive Management Committee monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements. However, the Company's financing (including finance costs and finance income) and income taxes are managed on a Company basis and are not allocated to operating segments.

8 Employees' Costs

8.1 Employment Costs:

	30-Jun-20	30-Jun-19
	₦' 000	₦' 000
Employment cost including Directors salaries and wages, staff training and benefit scheme	20,952	32,651
	20,952	**32,651**

Three senior management staff of related parties also provided services to the Company. The salaries of these staff were borne by the related parties.

8.2 Number of employees of the Company in receipt of emoluments within the bands listed below are:

RANGE		30-Jun-20	30-Jun-19
	Up to	Number	Number
Above Zero	NGN 1,000,000	-	-
NGN 1,000,001	NGN 2,000,000	2	2
NGN 2,000,001	NGN 3,000,000	2	2
NGN 3,000,001	NGN 4,000,000	2	2
NGN 4,000,001	NGN 5,000,000	2	3
NGN 5,000,001	And Above	2	4
		10	**13**

8.3 Average number of employees during the year:

	30-Jun-20	30-Jun-19
	Number	Number
Managerial Staff	4	4
Senior Staff	5	5
Junior Staff	4	4
	13	**13**

9.1 Adminstrative and Management Expenses

	30-Jun-20	30-Jun-19
	₦' 000	N' 000
Staff cost	13,536	23,674
Amortization of Prepaid Leases	10,283	11,759
Repairs and maintenance	795	4,666
Depreciation	4,397	5,339
Professional, Consultancy and Management Fees	526	2,921
Audit Fees	3,375	3,150
Rent and Rates	1,900	1,900
Permit and licenses	343	1,063
Office expenses	2,216	2,241
Bank charges	693	1,511
Post-employment benefits cost	792	1,480
Entertainment, advertisement and public relations	139	137
Travel and accomodation expense	-	744
Insurance expense	417	334
Write-off	-	(371)
Other Operating Cost	1,160	1,581
Impairment charges/(gains)Trade and other receivables)	-	-
Directors' fee, Board Expense & AGM	6,625	7,497
	47,196	**69,626**

9.2 Selling and Distribution Expenses

	30-Jun-20	30-Jun-19
	₦' 000	₦' 000
Distribution Expense - AGO	34,831	80,760
Distribution Expense - PMS	3,397	9,755
Distribution Expense - DPK	379	358
Distribution Expense - Others	-	-
	38,607	**90,873**

10 Other income

	30-Jun-20	30-Jun-19
	₦' 000	N' 000
Non Fuel Income (NFI)	-	-
	-	**-**

*This income relates to Rental of Marts at the Retail Outlets

11 Income taxes

Income tax recognised in profit or loss	**30-Jun-20**	**30-Jun-19**
	₦' 000	N' 000
Current tax		
In respect of current year		
- Minimum Tax	5,803	-
- Company income taxes	-	-
- Tertiary education tax	-	-
	5,803	**-**
Deferred tax		
In respect of current year	-	6,964
Total income tax expense recognised in the current year	**5,803**	**6,964**

11.1 The tax rate used for the reconciliations above is as follows:

Company income tax	30%	30%
Tertiary education tax	2%	2%
Capital gain tax	10%	10%

11.2 Current tax liabilities	**30-Jun-20**	**31-Dec-19**
	₦' 000	₦' 000
At 1 January	24,455	17,161
Charged for year	5,803	-
Payment during the year	-	-
Current tax liabilities	**30,258**	**17,161**

The charge for taxation in these financial statements is based on the provision of the Companies income Tax Act CAP C21, LFN 2004 and Tertiary Education Trust Fund Act CAP E4 LFN 2004.

11.3 Deferred tax balance

The following are the major deferred tax liabilities recognised by the Company and movements thereon during the current and prior reporting period.

	30-Jun-20	31-Dec-19
	₦' 000	₦' 000
Deferred tax (liability) as at 1 January	(1,501)	(8,793)
Deferred Tax (charge)/credit to profit or loss	-	6,964
Deferred tax (Liability) as at 31 December	**(1,501)**	**(1,829)**

The deferred tax liability recorded as at year end is as a result of the differences between the depreciation rates adopted for accounting purposes and the rate of capital allowances granted for tax purposes.

12 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

The basic and diluted earnings per share are the same as there are no instruments that have a dilutive effects on earnings.

	30-Jun-20	31-Mar-19
	₦	**₦**
Basic earnings per share - Naira	(0.30)	(0.58)

12.1 *Basic earnings per share*

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows.

	30-Jun-20	31-Mar-19
	₦' 000	**₦' 000**
Profit for the year attributable to owners of the Company	(16,970)	(32,655)
Dividends paid on convertible non-participating preference shares		
Earnings used in the calculation of basic earnings per share	**(16,970)**	**(32,655)**
Others		
Earnings used in the calculation of basic earnings per share	**(16,970)**	**(32,655)**

	30-Jun-20	31-Mar-19
	₦' 000	**N' 000**
Weighted average number of ordinary shares for the purposes of basic earnings per share	56,625	56,625
*Diluted EPS is same with Basic EPS because there are no potential instruments/shares with dilutive attribute	44,012	

13 Property, plant and equipment

Asset	30-Jun-20 ₦' 000	31-Dec-19 N' 000
* Leasehold Improvement	14,908	16,264
* Plants and Machinery	7,703	9,395
* Motor Vehicles	0	0
* Office Equipment	594	702
* Capital Work in Progress	73,033	71,667
* Furniture and fittings	9,431	10,673
	105,670	**108,701**

14 Inventories

	30-Jun-20	31-Dec-19
	₦' 000	N' 000
Inventory - AGO	0	-
Inventory - PMS	-	-
Inventory - DPK	-	-
Inventory - LUBE	(0)	(0)
	0	**(0)**

The Company operates a Just in Time Inventory system such that no inventory is carried at any time within the Financial Year but Inventory is made available by the supplier once the Company receives a demand for product from any of its customers.

15 Trade and other receivables

	30-Jun-20	31-Dec-19
	₦' 000	N' 000
Trade Receivables	1,267,014	1,330,672
Other Receivables	138	138
Trade and other receivables	**1,267,152**	**1,330,810**

15.1 Trade and other receivables

	30-Jun-20		31-Dec-19
	₦' 000		N' 000
Trade receivables - 3rd parties	619,814		683,473
Trade receivables - related parties	648,098		648,098
Trade receivables	**1,267,912**		**1,331,571**
Allowance for doubtful debts	(898)	-	(898)
Trade Receivables, net of allowance for doubtful debts	**1,267,014**	**-**	**1,330,672**

Before accepting any new customer, the Company uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. None of the Debts Outstanding is due as at the end of the financial year and there are currently no bad debts.

Before accepting any new customer, the Company uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. None of the Debts Outstanding is due as at the end of the financial year and there are currently no bad debts.

16 Cash and cash equivalents

	30-Jun-20	31-Dec-19
	₦' 000	N' 000
Cash	92	614
Demand Deposits	276,490	544,592
Cash and cash equivalent as per statement of financial position and statement of cash flows	**276,582**	**545,207**
Bank overdrafts	-	-
Cash and cash equivalent as per statement of cash flows	**276,582**	**545,207**

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown statement of cash flows can be reconciled to the related items in the statement of financial position (as shown above). The carrying amount of these assets is approximately equal to their Fair Value.

17.1 Right of Use Assets (Prepaid Leases)

	30-Jun-20	31-Dec-19
	₦' 000	N' 000
Balance as as 1 January,	48,641	71,545
Additions during the year	-	-
Charged to proft or loss as lease rentals for the year	(7,535)	(22,904)
Balance as at 31 December,	**41,106**	**48,641**

This represents payments made for lease of service stations.

17.2 Prepayment - Others

	30-Jun-20	31-Dec-19
	₦' 000	N' 000
Prepayments - Current	-	503
Prepayments -Non Current	-	-
	-	**503**

This represents payments made for insurance premiums and others.

18 Issued and related capital

	30-Jun-20	31-Dec-19
	₦' 000	**N' 000**
Share capital	28,312	28,312
Share premium	307,576	307,576
	335,889	**335,889**

Issued capital comprises of Ordinary Share Capital of 56.6 million shares of 50 kobo each.

Fully Paid Ordinary Share Capital

	Number of Shares	*Share Capital*	*Share Premium*
	000	***₦' 000***	***₦' 000***
Balance as at 1 January,	*56,625*	*28,312*	*307,576*
Issue of Shares under IPO	-	-	-
	56,625	**28,312**	**307,576**

Fully Paid Ordinary Share Capital

	Number of Shares	*Share Capital*	*Share Premium*
	000	***₦' 000***	***₦' 000***
Balance as at 1 January,	*56,625*	*28,312*	*307,576*
Issue of Shares under IPO	-	-	-
	56,625	**28,312**	**307,576**

19 Retained earnings

	30-Jun-20	31-Dec-19
	₦' 000	**N' 000**
As at 1 January,	**215,739**	**261,187**
Profit for the period	(16,970)	(39,785)
Dividend paid	-	(5,662)
	198,768	**215,740**

Transfer within Equity relates to Deferred Expense from prior period now writen off against Equity.

20 Trade payables

		30-Jun-20	31-Dec-19
		₦' 000	**N' 000**
Trade Payables (Trade payables relates to amounts owed to Asharami Synergy, a related party)		1,066,159	1,406,439
Other Payables	Note 20.1	57,933	49,838
		1,124,093	**1,456,278**

20.1 Other payables

	30-Jun-20	31-Dec-19
	₦' 000	**N' 000**
Accrued expenses	23,533	43,424
Others	34,400	6,414
	57,933	**49,838**

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. No interest is being charged and no security was pledged on Trade payables.

21 Financial risk management disclosure

21.1 Significant accounting policies

Details of significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

21.2 Capital management disclosure

The Company manages its capital to ensure the entity will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2019.

Gearing ratio:

The gearing ratio at end of the reporting period was as follows.

	30-Jun-20	**31-Dec-19**
	₦' 000	**N' 000**
Debts (current and non-current) - **(a)**	-	-
Less: cash and cash equivalents	276,582	545,207
Net Debts	**276,582**	**545,207**
Equity - (b)	**534,658**	**551,627**
Net debt to equity ratio (a/b)	**51.73%**	**98.84%**

(a) - Debt is defined as long- and short-term borrowings (excluding derivatives and financial guarantee contracts)

(b) - Equity includes all capital and reserves of the Company that are managed as capital.

21.3 Financial risk management objectives

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

The Company's Treasury/Finance function reports quarterly to the Company's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

21.4 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: commodity price risk, interest rate risk and currency risk. Financial instruments affected by market risk include: loans and borrowings, deposits, trade receivables, trade payables, accrued liabilities and derivative financial instruments.

21.5 *Interest rate risk*

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

21.6 *Foreign currency risk*

The Company has transactional currency exposures that arise from sales or purchases in currencies other than the respective functional currency. The Company manages this risk by matching receipts and payments in the same currency and monitoring movements in exchange rates.

21.7 *Liquidity risk*

The Company monitors its risk to a shortage of funds by monitoring its debt rating and the maturity dates of existing payables.

21.8 ***Credit risk***

The Company trades only with recognised, credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which include an assessment of credit rating, short-term liquidity and financial position. The Company obtains sufficient collateral (where appropriate) from customers as a means of mitigating the risk of financial loss from defaults. In addition, receivable balances are monitored on an ongoing basis, with the result that the Company's exposure to bad debts is not significant.

Refer to Note 15 for analysis of trade receivables ageing.

22 Events after the reporting period

There are no significant or material events that occurred after the end of the reporting period and before the financial staements is authorised for issue by the management of the entity.

23 Contingencies and commitments

The company has no contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise.

24 Dividend

The Directors did not propose any dividend for the period.

25 Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) RAK Unity Petroleum Company Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy undergoes periodic reviews by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.

26 Shareholding Structure and Free-Float

NAME OF SHAREHOLDER	NO OF SHARES HELD	%
Toparte Nigeria Limited (Promoters)	48,131,159	**85**
Public (Free float)	8,493,734	**15**
Total	**56,624,893**	**100**

The free float of shares tradable in the Nigerian Stock Exchange (NSE) stood at 15% as at the reporting date 30th June 2020; and it is in tandem with the requireemnt of free float for securities listed on the Alternative Securities Exchange Market (ASEM) of the Exchnage.

OTHER NATIONAL DISCLOSURES

27 VALUE ADDED STATEMENT

	30-Jun-20 (3 Months) ₦' 000	%	30-Jun-19 (3 Months) N' 000	%
Turnover	344,166		1,230,298	
Other income	-		-	
Bought in Material and services - Local	(359,758)		(1,252,062)	
Value (Eroded)/Added	**(15,593)**	**100%**	**(21,764)**	**100%**
Applied as follows:				
To Pay Employees:				
Salaries and benefits	-	0%	-	0%
To Pay Government:				
Taxation	-	0%	(1,251)	6%
To Pay Providers of funds:				
Interest on borrowings	-		-	
To Provide for Replacement of Assets and Future Developments:				
Depreciation of assets	-	0%	-	0%
Deferred tax	-	0%	-	0%
Accumulated (loss)/profit	(15,593)	100%	(20,513)	94%
Value (Eroded)/added	**(15,593)**	**100%**	**(21,764)**	**100%**

Value added represents the additional wealth which the Company created through its own efforts and those of its employees. This statement shows the allocation of that wealth among employees, providers of capital, government and the proportion retained for the future creation of more wealth.