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RAK UNITY PETROLEUM COMPANY PLC

Annual report and financial statements
For the year ended 31 December 2019

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Corporate information

DIRECTORS		
Edo-Abasi Bassey Ukpong	-	Chairman
James Ogungbemi	-	Managing Director
Obumneme. C. Okonkwo	-	Non-Executive Director
Nonny Patricia Ugboma	-	Non-Executive Director
Moroti Adedoyin-Adeyinka	-	Non-Executive Director
Aderonke Olayemi Onadeko	-	Non-Executive Director
Said Moddibbo Ahmed	-	Independent Director (resigned 14th October 2019)

COMPANY SECRETARY **REGISTERED OFFICE**	Alsec Nominees Limited St. Nicholas House (10th floor) Catholic Mission Street, Ikoyi Lagos
COMPANY REGISTERED ADDRESS	Block 5 Water Corporation Road GRA Ijora, Lagos.
PHONE NUMBER	012704833, 012708334
COMPANY REGISTRATION NUMBER	RC 51563
AUDITORS	Akintola Williams Deloitte Civic Towers Ozumba Mbadiwe Avenue Victoria Island, Lagos
COMPANY REGISTRARS	First Registrars Nigeria Limited Plot 2 Abebe Village Iganmu, Lagos
SOLICITORS	Udo Udoma & Belo Osagie (Barristers and solicitors) St. Nicholas House (10th and 13th floor) Catholic Mission Street, Ikoyi Lagos
PRINCIPAL BANKERS	Zenith Bank Plc. Guaranty Trust Bank Plc.
DESIGNATED ADVISERS	Afrinvest (West Africa) Ltd 27 Gerard Road Ikoyi Lagos

Report of the Directors

The Directors present their report on the affairs of RAK Unity Petroleum Company Plc (the "Company") together with the financial statements for the year ended 31 December 2019.

LEGAL FORM

The Company was incorporated on December 20, 1982 as a private limited liability company under the Companies Act 1968, and was converted to a public company on November 16, 1987. The Company is listed on the Alternative Securities Market of the Nigerian Stock Exchange.

PRINCIPAL ACTIVITY

The principal activity of the Company is the sale and distribution of petroleum products.

RESULTS

The operating results of the Company for the year ended 31st December 2019 is as shown below:

	12 months to 31-Dec-19	12 months to 31-Dec-18	Change
	₦'000	₦'000	%
Revenue	4,419,250	9,569,688	(53.82)
(Loss)/ profit before tax	(24,975)	45,278	(155.16)
Taxation	(14,805)	(15,664)	(5.5)
(Loss)/ profit after tax	(39,780)	29,614	(234.33)

DIVIDEND

An interim dividend of 10kobo per share was paid to Shareholders whose names appear in the Register of Members as at the close of business on Wednesday, August 14, 2019.

The Board has not proposed any dividend in respect of the financial year ended 31 December 2019 (2018: Nil)

PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in property, plant and equipment (PPE) is shown in Note 17 to the financial statements. In the opinion of the Directors, the market value of the Company's PPE is not less than the carrying value shown in the financial statements.

ACQUISITION OF OWN SHARES

The company has not purchased any of its own shares during the year ended 31 December 2019 (2018: Nil).

DIRECTORS

The Directors of the Company who held office during the year under review were the following persons:

Mr. Edo-Abasi Bassey Ukpong	Chairman
Mr. Obumneme Chukwumobi Okonkwo	Non-Executive Director
Mr. James Ogungbemi	Managing Director
Ms. Nonny Patricia Ugboma	Non-Executive Director
Mrs. Moroti Adedoyin-Adeyinka	Non-Executive Director
Ms. Aderonke Olayemi Onadeko	Non-Executive Director
Mr. Said Moddibbo Ahmed	Independent Director (resigned 17th October 2019)

Report of the Directors (cont'd)

DIRECTORS' INTEREST IN SHARES

DIRECTORS' INTEREST IN CONTRACTS

None of the Directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 of any direct or indirect interest in contracts or proposed contracts in which the Company was involved during the year ended 31 December 2019 (2018: Nil).

SHARE HOLDING STRUCTURE

The issued share capital of the Company is ₦28,312,446.50 divided into 56,624,893 ordinary shares of 50kobo each and is beneficially held as follows:

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

No shareholder, except as disclosed above held more than 5% of the issued capital as at 31 December 2018.

The distribution of the Company's shares is reflected in the range analysis below:

RANGE	No of Holders	Holders %	Units	Units %
1 - 1000	5,154	86.87	1,932,595	3.41
1001 - 5000	663	11.17	1,410,796	2.49
5001 - 10000	65	1.10	478,904	0.85
10001 - 50000	44	0.74	872,212	1.54
50001 - 100000	4	0.07	340,000	0.60
100001 - 500000	1	0.02	140,000	0.25
500001 - 56624893	2	0.03	51,450,386	90.86
	5,933	**100.00**	**56,624,893**	**100.00**

DIRECTORS' RESPONSIBILITIES

In accordance with the provisions of the Companies and Allied Matters Act, CAP C20, LFN 2004, the Directors are responsible for the preparation of the financial statements, which give a true and fair view of the state of affairs of the Company.

Their responsibilities include ensuring that:

- appropriate internal controls are established both to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

- the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2004.

- the Company has suitable accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and

- the financial statements are prepared on a going concern basis unless it is presumed that the Company will not continue in business.

Report of the Directors (cont'd)

CORPORATE GOVERNANCE REPORT

The Board of Directors continues to focus on strategies to reposition the Company on the path of profitability and engender the sustainability of its operations. The Board recognises that good corporate governance is a pivot for success and it, therefore, continues to develop frameworks to comply with the Corporate Governance Code of the Securities and Exchange Commission and best practices. The Board has implemented, and operates in accordance with, a set of corporate governance principles which are fundamental to the Company's continued growth and success.

DIRECTORS' ATTENDANCE AT MEETINGS

The Board held five meetings during the year and below is a record of attendance of the directors at the meetings.

SN	NAME	25th January 2019	29rd March 2019	26th April 2019	26th July 2019	25th October 2019
1	Mr. Edo-Abasi Bassey Ukpong	✓	✓	-	✓	✓
2	Mr. James Ogungbemi	✓	✓	-	✓	✓
3	Mr. Obumneme Chukwumobi Okonkwo	✓	✓	✓	✓	✓
4	Mr. Said Modibbo Ahmed	-	-	✓	✓	✓
5	Ms. Nonny Patricia Ugboma	✓	-	-	✓	✓
6	Mrs. Moroti Adedoyin-Adeyinka	✓	-	✓	-	✓
7	Ms. Aderonke Olayemi Onadeko	✓	✓	✓	✓	-

As statutorily required two of the Directors, Mr. Edo-Abasi Bassey Ukpong and Ms. Nonny Patricia Ugboma, would be retiring at the Annual General Meeting and being eligible, have offered themselves for re-election.

BOARD COMMITTEES

In addition to the statutory Audit Committee, the Board has two Committees and the following directors are members of the Committees:

A. Board Risk Management and Audit Committee;

i. Ms. Nonny Ugboma;
ii. Mr. Obumneme Chukwumobi Okonkwo; and
iii. Mrs. Moroti Adedoyin-Adeyinka

ATTENDANCE AT MEETING

SN	NAME	22nd January 2019	25th January 2019	25th March 2019	24th July 2019	22nd October 2019	17th December 2019
1	Ms. Nonny Patricia Ugboma	✓	✓	✓	✓	✓	✓
2	Mr. Obumneme Chukwumobi Okonkwo	✓	✓	✓	✓	✓	✓
3	Mrs. Moroti Adedoyin-Adeyinka	✓	✓	✓	✓	✓	✓

Report of the Directors (cont'd)

B. Governance, Nomination and Remuneration Committee;

i. Mr. Said Moddibbo Ahmed;
ii. Ms. Nonny Ugboma; and
iii. Ms. Aderonke Olayemi Onadeko

ATTENDANCE AT MEETING

SN	NAME	25th January 2019	26th April 2019	26th July 2019
1	Mr. Said Moddibbo Ahmed	-	✓	✓
3	Ms. Nonny Patricia Ugboma	✓	-	✓
3	Ms. Aderonke Olayemi Onadeko	✓	✓	✓

STATUTORY AUDIT COMMITTEE
The Audit Committee is composed of four (4) members, two (2) Shareholders' Representatives and two (2) Directors.

The following are the members of the Committee
i. Mr. Solomon Akinsanya;
ii. Mr. Tajukola Onitiju;
iii. Ms. Nonny Patricia Ugboma; and
iv. Mrs. Moroti Adedoyin-Adeyinka

ATTENDANCE AT MEETINGS

SN	NAME	22nd January 2019	26th March 2019	26th April 2019	22nd October 2019	17th December 2019
1	Mr. Solomon Akinsanya	✓	✓	✓	✓	✓
2	Ms. Nonny Patricia Ugboma	✓	✓	-	✓	-
3	Mr. Tajukola Onitiju	✓	✓	✓	✓	✓
4	Mrs. Moroti Adedoyin-Adeyinka	✓	✓	-	✓	✓

SYMBOL	MEANING	
✓	Present	
-	Absent	
❖	Not a member	

PROPERTY, PLANT AND EQUIPMENT
Information relating to changes in property, plant and equipment is disclosed in Note 13 to the financial statements.

EMPLOYMENT OF PHYSICALLY CHALLENGED PERSONS
It is the policy of the Company that there should be no discrimination in considering applications for employment including those from physically challenged persons. All employees whether physically challenged or not are given equal opportunities to develop their expertise and knowledge and to qualify for promotion in furtherance of their careers.

In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that training, career development and promotion of physically challenged persons should, as far as possible, be similar to that of other employees. The Company presently does not have a physically challenged person in its employment.

The Company presently does not have a physically challenged person in its employment.

Report of the Directors (cont'd)

HEALTH, SAFETY AT WORK AND WELFARE OF EMPLOYEES

The Company strives to ensure that hygiene on its premises is of the highest standard. Health and safety regulations are in force within the Company's premises and employees are aware of existing regulations.

EMPLOYEES INVOLVEMENT AND TRAINING

The Company is committed to keeping employees fully informed as far as possible regarding the Company's performance and progress and seeking their views wherever practicable on matters which particularly affect them.

Training is carried out at various levels through both in-house and external courses. Management, professional and technical expertise are the Company's major assets and the Company continues to invest in developing these skills.

DONATIONS

The Company did not make donations during the reporting year. The Company is currently developing its corporate social responsibility framework and this would include giving back to the society.

INSIDER TRADING

For the purpose of compliance with the Investment and Securities Act 2007, the Directors of the Company and the employees who are in possession of price sensitive information are prohibited from dealing with the shares of the Company.

COMPLAINTS AND MANAGEMENT POLICY

The Company has in place a functional Complaints Management Policy Framework in compliance with the Securities & Exchange Commission rule, which became effective in 2015. The Complaints Management Policy Framework is accessible to all shareholders, employees and customers on www.rakunity.com

AUDITORS

In accordance with section 357(2) of the Companies and Allied Matters Act, CAP C20, LFN 2004, the Auditors, Deloitte & Touche, have indicated their willingness to continue in office as auditors of the Company. A resolution will be proposed at the Annual General Meeting to authorise the Directors to determine their remuneration.

Dated the 29th day of March , 2020

BY ORDER OF THE BOARD

ALSEC NOMINEES LIMITED

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Company Secretaries

ALSEC NOMINEES LIMITED
COMPANY SECRETARY
FRCN/2013/ICSAN/00000001651

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

The Directors of RAK Unity Petroleum Plc are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2019, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the Company's financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- making an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of Company; and preventing and detecting fraud and other irregularities.

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

The financial statements of the Company for the year ended 31 December 2019 were approved by the Board of Directors on 29th March 2020.

On behalf of the Directors of the Company

James Ogungbemi	**Okonkwo Obumneme Chukwumobi**	**Adebayo Olumuyiwa**
Chief Executive Officer/Managing Director	**Director**	**Financial Controller**
FRC/2013/NIM/00000004313	**FRC/2014/IODN/00000008764**	**FRC/2013/ICAN/00000000863**

Report of the statutory audit committee

In compliance with Section 359(6) of the Companies and Allied Matters Act (CAMA), CAP C20 Laws of the Federation of Nigeria (LFN) 2004 (as amended), we the members of the statutory audit committee of the Company have reviewed the audited financial statements of RAK Unity Petroleum Company Plc for the year ended 31 December 2019 and hereby state as follows:

1. The scope and planning of the audit were adequate in our opinion;

2. The bookkeeping, accounting and financial reporting policies of the Company conformed with statutory requirements, agreed ethical practices and industry best practices;

3. The Internal Control and Internal Audit were operating effectively; and

4. The External Auditor's findings as stated in the management letter are being dealt with satisfactorily by the Executive Management;

5. Related party transactions and balances have been disclosed in notes 5.1 and 21 to the financial statements in accordance with the requirements of the International Financial Reporting Standards (IFRSs) and the Companies and Allied Matters Act (CAMA 2004 as amended).

Dated 27th MAY, 2020

Moroti Adedoyin-Adeyinka (Mrs.)
Chairman, Audit Committee
FRC/2018/ICAN/00000018543

MEMBERS OF THE STATUTORY AUDIT COMMITTEE

1.	Mrs. Moroti Adedoyin-Adeyinka	- Chairman
2.	Mr. Sunday Solomon Akinsanya	– Member
3.	Ms. Nonny Ugboma	– Member
4.	Mr. Tajukola Onitiju	– Member
5.	Alsec Nominees Limited	- Secretary

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Report of Independent Auditors

To the Shareholders of RAK Unity Petroleum Company Plc

Opinion

We have audited the financial statements of **RAK Unity Petroleum Company Plc ("the Company")**, which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of RAK Unity Petroleum Company Plc as at 31 December 2019, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN 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 ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current year. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Deloitte.

Key Audit Matter	How the matter was addressed in the audit
Revenue recognition	
The Company's revenue is derived from the sale of petroleum products: premium motor spirit, automotive gas oil, dual purpose kerosene and lubricants. Included in the Company's revenue are sales of N2.3b (representing 52% of total sales) made under an agency relationship with a related company, Asharami Synergy as disclosed in note 5.1. Under the agreement, Asharami Synergy lifts products from the Company and sells to customers and receives 5% commission on the margins made on such sales. These sales are usually conducted using the Company's invoices and waybills. Payments from customers are made directly to Asharami Synergy. The risk exists that: • In the event that Asharami Synergy terminates the contract, the revenue of the company may reduce significantly. • Revenue generated under this arrangement may not have been appropriately accounted for in the company's books. Based on the significance of these sales transactions to the Company's operations and the materiality of the amount involved, we have considered revenue recognition a key audit matter.	Our audit procedures to address the risk of inappropriate recognition of sales made under agency agreement included the following: 1. Reviewed the agency agreement between Asharami Synergy and the Company. 2. Performed volume reconciliation of all sales' revenue recognised by the Company. Opening stocks, purchases and closing stocks were reconciled to the volume of products sold. 3. Agree samples of sales made under the agency agreement to the invoices and waybills in quantity and amount. 4. Obtained confirmation of receivables from customers in relation to sales made under the agency agreement. 5. Checked subsequent invoices issued to the customers under the agency agreement. 6. Reviewed the Financial statements to ensure that Sales made on behalf of the Company by Asharami Synergy have been properly booked and disclosed in the financial statement. We consider the revenue recognition appropriate.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if 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.

Deloitte.

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 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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.

Deloitte.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other reporting responsibilities

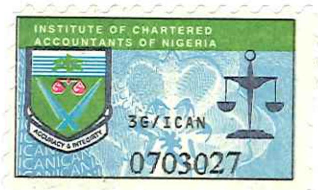
In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

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

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

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

Olufemi Abegunde, FCA – FRC/2013/ICAN/00000004507
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
29 May 2020



Statement of Profit or Loss and Other Comprehensive Income

	Note	31 December 2019	31 December 2018
		12 Months	12 Months
		₦' 000	₦' 000
Revenue	5	4,419,250	9,569,688
Cost of sales	6	(4,219,139)	(9,182,774)
Gross Profit		**200,111**	**386,914**
Operating Expenses:			
Administrative and management expenses	9.1	133,705	155,310
Selling and distribution expenses	9.2	92,152	186,931
Operating expenses		**225,857**	**342,241**
Operating (loss)/profit		**(25,746)**	**44,673**
Investment and other income	10	771	605
(Loss)/profit before tax		**(24,975)**	**45,278**
Income tax	11	(14,805)	(15,664)
(Loss)/ Profit for the year	9	**(39,780)**	**29,614**
Other Comprehensive Income:			
** Items that will not be reclassified subsequently to profit or loss:*		-	-
** Items that may be reclassified subsequently to profit or loss:*		-	-
Other comprehensive income for the year, net of taxes		-	-
Total Comprehensive Income for the year		**(39,780)**	**29,614**
(Loss)/earnings per share (LPS/EPS):			
- Basic LPS/EPS (in the nearest Naira)	12	(0.70)	0.52
- Diluted LPS/EPS (in the nearest Nair	12	(0.70)	0.52

The notes on pages 9 to 47 form an integral part of these financial statements

Statement of Financial Position
As at 31 December 2019

	Note	31 December 2019	31 December 2018
ASSETS:		**N' 000**	**N' 000**
Non-Current Assets			
Property, plant and equipment	13	108,701	99,019
Right of use of an asset	17	48,641	71,545
Non-current assets		**157,342**	**170,564**
Current Assets			
Inventories	14	-	80,523
Trade and other receivables	15	1,330,810	1,562,793
Cash and cash equivalents	16	545,206	179,480
Prepayments	15	503	437
Current assets		**1,876,519**	**1,823,233**
Total Assets		**2,033,861**	**1,993,797**
EQUITY:		**N' 000**	**N' 000**
Share capital	18	28,312	28,312
Share premium	18	307,576	307,576
Retained Earnings	19	215,744	261,187
Total Equity		**551,632**	**597,075**
LIABILITIES:			
Non-Current Liabilities			
Deferred tax liability		1,502	8,793
Non-current liabilities		**1,502**	**8,793**
Current Liabilities			
Trade and other payables	20	1,456,277	1,370,768
Current tax payables		24,450	17,161
Current liabilities		**1,480,727**	**1,387,929**
Total Liabilities		**1,482,229**	**1,396,722**
Total Equity and Liabilities		**2,033,861**	**1,993,797**

The financial statements set out on pages 3 to 21 were approved by the Board of Directors on 29th MAY 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

Adebayo Olumuyiwa
Financial Controller
FRC/2013/ICAN/00000000863

Statement of Changes in Equity

	31 December 2019			Total Equity
	Share Capital	Share Premium	Retained Earnings	Total Equity
	₦' 000	₦' 000	₦' 000	₦' 000
Balance as at 1 January 2019	**28,312**	**307,576**	**261,187**	**597,075**
Loss for the year	-	-	(39,780)	**(39,780)**
Other comprehensive income:	-	-	-	-
Total comprehensive loss for the year	-	-	**(39,780)**	**(39,780)**
Transaction with owners' of equity:				
Dividend paid	-	-	(5,663)	**(5,663)**
Transactions with owners' of equity	-	-	**(5,663)**	**(5,663)**
Balance as at 31 December 2019	**28,312**	**307,576**	**215,744**	**551,632**

	31 December 2018			
	Share Capital	Share Premium	Retained Earnings	Total Equity
	₦' 000	₦' 000	₦' 000	₦' 000
Balance as at 1 January 2018	**28,312**	**307,576**	**237,236**	**573,124**
Profit for the year			29,614	**29,614**
Other comprehensive income:	-	-	-	-
Total comprehensive income for the year	-	-	**29,614**	**29,614**
Transaction with owners' of equity:				
Dividend paid	-	-	(5,663)	**(5,663)**
Transactions with owners' of equity	-	-	**(5,663)**	**(5,663)**
Balance as at 31 December 2018	**28,312**	**307,576**	**261,187**	**597,075**

The notes on pages 9 to 47 form an integral part of these financial statements

Statement of Cash Flows

	Note	31-Dec-19	31-Dec-18
		₦' 000	N' 000
Cash Flows from Operating Activities:			
(Loss)/profit for the year	7	(39,780)	29,614
Adjustments for:			
Income taxes recognised in profit or loss		14,805	15,664
Depreciation of ROU assets	17	22,904	-
Depreciation, amortisation, depletion and impairment	13	9,990	11,157
Amortisation of prepaid leases	9.1	1,916	26,299
Loss allowance on trade and other receivables	9.1	(155)	1,053
		9,680	**83,787**
Movements in working capital:			
Inventories		80,523	(51,310)
Trade and other receivables	15	230,222	(493,309)
Prepayment	15	(65)	8,799
Trade and other payables	20	85,508	624,223
Cash generated from operations		**405,868**	**172,190**
Tax paid		(14,807)	(14,543)
Net cash from operating activities		**391,061**	**157,646**
Cash Flows from Investing Activities:			
Purchase of property, plant and equipment	13	(19,672)	(28,025)
Payment arising from 'Right of Use Assets'		-	(9,055)
Net cash (used in)/generated by investing activities		**(19,672)**	**(37,080)**
Cash Flows from Financing Activities:			
Dividend paid		(5,663)	(5,662)
Net cash generated by financing activities		**(5,663)**	**(5,662)**
Net increase/(decrease) in cash and cash equivalents		**365,726**	**114,906**
Cash and cash equivalents as at beginning of the year	16	**179,480**	**64,576**
Cash and cash equivalents at the end of the year	16	**545,206**	**179,480**

The notes on pages 9 to 47 form an integral part of these financial statements

Notes to the financial statements

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
- 5-Year Financial summary

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 financial year from 1 January 2018 to 31 December 2018. The comparative figures cover the period 1 January 2017 to 31 December 2017.

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 16 Leases
IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (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').

The adoption of this new Standard has resulted in the company recognising a right-of-use asset in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months and no related lease liability was recognised because future lease payment were made at the inception of all the operating lease contract from the date of initial application.

The new Standard has been applied using the modified retrospective approach, however in our case we have no cumulative effect of adopting IFRS 16 to be recognised in equity to the opening balance of retained earnings for the current period. Prior periods have not been restated.

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

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight line basis over the remaining lease term. The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The following is a reconciliation of the financial statement line items from IAS 17 to IFRS 16 at 1 January 2019:

	31-Dec-19	31-Dec-18	1 Jan 18
	N'000	N'000	N'000
Right of use asset	48,641	71,545	62,490
Depreciation of right of use asset	(22,904)	-	-
Lease liability	-	-	-
Finance cost on lease liability	-	-	-

In the current year, the Company did not apply any other amendments to the IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019.

IFRS 17 is effective for annual periods beginning on or after January 1, 2021, well after the effective date of IFRS 9 Financial Instruments, January 1, 2018. IFRS 9 will cover a majority of an insurer's investments; therefore, the expected differing effective dates created concerns relating to temporary volatility and accounting mismatches in profit or loss. Some companies have also expressed concerns about the need to implement two significant changes in accounting on different dates, which will increase costs and complexity.

In September 2016, the IASB issued amendments to its existing insurance contracts standard, IFRS 4. The amendments introduced two approaches that supplement existing options in the Standard that can be used to address the temporary volatility as a result of the different effective dates of IFRS 9 and the forthcoming insurance contracts standard.

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

The amendments:

- provide a reporting entity (whose predominant activity is to issue insurance contracts) a temporary exemption from applying IFRS 9 until the earlier of: a) the application of IFRS 17; or b) January 1, 2021 (to be applied at the reporting entity level) (referred to as the 'temporary exemption'); and

- give entities issuing insurance contracts the option to remove from profit or loss the incremental volatility caused by changes in the measurement of specified financial assets upon application of IFRS 9 (referred to as the 'overlay approach'). This option will be in place until IFRS 17 comes into effect.

Impact on Initial Application
The amendment to the standard might not have any impact on the Company financial statements when it becomes effective in 2021.

2.2 Accounting standards and interpretations issued but not yet effective

2.2.1 IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendment to the standard might not have any impact on the Company financial statements when it becomes effective in 2021.

2.2.2 Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired.
The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

2.2.3 Conceptual Framework for Financial Reporting

Purpose: - The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Key provisions: The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, and guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity
- Chapter 4 – The elements of financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement
- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance.

The Conceptual Framework is accompanied by a Basis for Conclusions.

There are exemptions in developing accounting policies for regulatory account balances for two standards, namely, IFRS 3 Business Combinations and for those applying IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

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

2.2.4 Definition of Material (Amendments to IAS 1 and IAS 8)

The International Accounting Standards Board (IASB) has issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves.

Changes and reasoning behind the changes

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments:

The definition of material, an important accounting concept in IFRS Standards, helps companies decide whether information should be included in their financial statements. The updated definition amends IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

2.2.4 Definition of Material (Amendments to IAS 1 and IAS 8) (cont'd)

The amendments are a response to findings that some companies experienced difficulties using the old definition when judging whether information was material for inclusion in the financial statements.

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Three new aspects of the new definition should especially be noted:

Obscuring. The existing definition only focused on omitting or misstating information, however, the Board concluded that obscuring material information with information that can be omitted can have a similar effect. Although the term obscuring is new in the definition, it was already part of IAS 1 (IAS 1.30A).

Could reasonably be expected to influence. The existing definition referred to 'could influence' which the Board felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.

Primary users. The existing definition referred only to 'users' which again the Board feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

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

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 Accounting 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 (N'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.

Notes to the financial statements

3.4.2 Deferred tax (cont'd)

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.

3.5 Property, plant and equipment (cont'd)

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 cash generating 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 currently 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.

3.9 Leases (cont'd)

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 Company 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 statements, 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 at 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.

3.10 Provisions and Contingencies (cont'd)

(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.

3.10 Provisions and Contingencies (cont'd)

(iii) Environmental expenditures and liabilities (cont'd)

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:

3.11.1 Financial Assets (cont'd)

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.

3.11.1 Financial Assets (cont'd)

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.

3.11.2 Financial Liabilities

Initial recognition and measurement
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 company's operations, its major financial liabilities has been trade and other payables, which are not interest bearing 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.

3.11.3 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.

3.11.4 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 simultaneously.

Hedging and Hedge Accounting
The Company'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."

3.11.5 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).

Notes to the financial statements

3.12 Foreign currencies (cont'd)

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 be paid in exchange for 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.

Notes to the financial statements

4.2 Key sources of estimation uncertainty (cont'd)

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

	31-Dec-19 ₦' 000	31-Dec-18 N' 000
Revenue from AGO	3,525,619	7,345,561
Revenue from PMS	806,994	2,172,341
Revenue from DPK	49,403	29,545
Revenue from LUBES	37,234	22,241
	4,419,250	**9,569,688**

5.1 A significant portion of the company's revenue is sold through a related company, Asharami Synergy Plc (the subsisting Sahara Group Oil & Gas Downstream entity, which by court approved 'Scheme of External Restructuring' have now subsumed the operations and businesses of the defunct So Energy Limited). The Company has an agreement with So Energy, which has by court sanction moved to Asharami Synergy Plc, to wherein Asharami Synergy Plc procures product and sells to customers with a 5% commission on the margins made on such assigned sales. Whereas Asharami Synergy Plc funded the operations of such sales and operated as an "undisclosed agent" the agreement effectively transfers the risk and reward of the transaction to RAK Unity Petroleum Plc, but with recourse of collections back to Asharami Synergy Plc where applicable.
The Sales made under the agreement and recognized in the revenue of RAK Unity Petroleum Plc are shown in the analysis below together with the associated costs:

	31-Dec-19 ₦' 000	31-Dec-18 N' 000
Sales made by Asharami Synergy Plc under Agency agreement	2,311,310	1,999,153
Sales made by RAK to Third parties	2,107,940	7,570,536
Total	**4,419,250**	**9,569,689**
Cost of Sales for sales made by Asharami Synergy Plc under Agency agreement	2,225,368	1,884,551
Cost of sales for sales made by RAK to third parties	1,993,771	7,298,223
Total	**4,219,139**	**9,182,774**

Notes to the financial statements

		31-Dec-19	31-Dec-18
6	**Cost of Sales**	₦' 000	N' 000
	AGO	3,369,818	7,018,794
	PMS	767,532	2,114,564
	DPK	46,977	28,856
	LUBES	34,812	20,560
		4,219,139	**9,182,774**

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.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. The accounting policies used by the Company in reporting segments internally are the same as those contained in the financial statements.

Notes to the financial statements

7 Segment information (cont'd)

Operating Segments Results for the year ended 31 December 2019

	Bulk ₦' 000	Retail ₦' 000	Dump ₦' 000	Unallocated ₦' 000	Total ₦' 000
Revenue:					
External customers	675,808	3,696,396	47,046	-	**4,419,250**
Total Revenue	**675,808**	**3,696,396**	**47,046**	**-**	**4,419,250**
Other Income	-	771	-	-	771
Total Income	**675,808**	**3,697,167**	**47,046**	**-**	**4,420,021**
Total Expenses:					
Cost of Sales	(668,565)	(3,507,162)	(43,412)	-	**(4,219,139)**
Employees' costs	-	-	-	(43,540)	**(43,540)**
Depreciation, amortisation, depletion and impairment	-	-	-	(9,990)	**(9,990)**
Administrative and management expenses	-	-	-	(80,175)	**(80,175)**
Distribution and marketing expenses	(3,648)	(87,557)	(947)	-	**(92,152)**
	(672,213)	**(3,594,719)**	**(44,359)**	**(133,705)**	**(4,444,996)**
Profit before tax	**3,595**	**102,448**	**2,687**	**(133,705)**	**(24,975)**
Income tax expense	-	-	-	(14,805)	**(14,805)**
Profit for the year	**3,595**	**102,448**	**2,687**	**(148,510)**	**(39,780)**

Notes to the financial statements

7 Segment information (cont'd)

Operating Segments Results for the year ended 31 December 2018

	Bulk ₦' 000	Retail ₦' 000	Dump ₦' 000	Unallocated ₦' 000	Total ₦' 000
Revenue:					
External customers	8,124,847	1,403,139	41,702	-	**9,569,688**
Total Revenue	**8,124,847**	**1,403,139**	**41,702**	-	**9,569,688**
Other income	-	604	-	-	**604**
Total Revenue	**8,124,847**	**1,403,743**	**41,702**	-	**9,570,292**
Other Results (Income & Expenses):					
Cost of Sales	(7,785,504)	(1,357,657)	(39,613)	-	**(9,182,774)**
Employees' costs	-	-	-	(47,989)	**(47,989)**
Depreciation, amortisation, depletion and impairment	-	-	-	(11,157)	**(11,157)**
Administrative and management expenses	-	-	-	(95,111)	**(95,111)**
Distribution and marketing expenses	(157,318)	(27,168)	(807)	(2,690)	**(187,983)**
	(7,942,822)	**(1,384,825)**	**(40,420)**	**(156,947)**	**(9,525,014)**
Profit before tax	**182,025**	**18,918**	**1,282**	**(156,947)**	**45,278**
Income tax expense	-	-	-	(15,664)	(15,664)
Profit for the year	**182,025**	**18,918**	**1,282**	**(172,611)**	**29,614**

The operations of the RAK Unity Petroleum Plc are located in only one geographic location, Nigeria. Revenue approximately N1.79 billion (Dec 2018: N1.74 billion) was derived from 7 customers.

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

8 Employees' Costs

8.1 Employment Costs:

	31-Dec-19 ₦' 000	31-Dec-18 ₦' 000
Employment cost including Directors salaries and wages, staff training and benefit scheme	55,937	61,870
	55,937	**61,870**

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

Notes to the financial statements

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

RANGE	Up to	31-Dec-19 Number	31-Dec-18 Number
Above Zero	NGN 1,000,000	-	-
NGN 1,000,001	NGN 2,000,000	2	5
NGN 2,000,001	NGN 3,000,000	2	1
NGN 3,000,001	NGN 4,000,000	2	2
NGN 4,000,001	NGN 5,000,000	3	3
NGN 5,000,001	And Above	4	5
		13	**16**

8.3 Average number of employees during the year:

	31-Dec-19 Number	31-Dec-18 Number
Managerial Staff	4	4
Senior Staff	5	4
Junior Staff	4	8
	13	**16**

8.4 Directors' Emoluments:

	31-Dec-19 ₦' 000	31-Dec-18 ₦' 000
Director's fee for the Chairman	2,500	2,500
Other Directors' fees	7,500	8,000
	10,000	**10,500**

The emoluments of the highest paid Director were N2, 500,000 (2017 – N2, 500,000)

8.5 Directors receiving no emolument

	31-Dec-19 Number	31-Dec-18 Number
Directors receiving no emolument	2	2
	2	**2**

During the year, the Managing Director did not receive any emolument as he serves as an employee of the Company. Also a non-executive Director elected not to receive any emolument.

Notes to the financial statements

9.1 Administrative and Management Expenses

	31-Dec-19	31-Dec-18
	₦' 000	N' 000
Staff cost	43,540	47,989
Depreciation of ROU assets (Note 17)	22,028	-
Repairs and maintenance	6,990	12,321
Depreciation of PPE (Note 13)	9,990	11,157
Professional and Management Fees	-	407
Amortisation of prepaid expenses	1,916	26,299
Consultancy fees	6,147	9,539
Audit Fees	6,300	6,300
Rent and Rates	3,800	3,800
Permit and licenses	1,353	1,452
Office expenses	4,726	4,118
Bank charges	2,106	4,323
Post-employment benefits cost	2,397	3,045
Entertainment, advertisement and public relations	196	207
Travel and accommodation expense	1,315	950
Insurance expense	1,197	873
Other Operating Cost	2,108	2,456
Impairment charges/(gains) - trade and other receivables	(155)	1,053
Directors' fee	10,000	10,500
Board Expense & AGM	7,751	8,521
	133,705	**155,310**

9.2 Selling and Distribution Expenses

	2014	2013
	31-Dec-19	31-Dec-18
	₦' 000	₦' 000
Distribution Expense - AGO	75,533	157,368
Distribution Expense - PMS	15,776	29,100
Distribution Expense - DPK	843	463
	92,152	**186,931**

9.3 Loss for the year

Loss for the year has been arrived at after charging/ (crediting):

	31-Dec-19	31-Dec-18
	₦'000	₦' 000
Depreciation of ROU assets	22,904	-
Depreciation of PPE	9,990	11,157
Post-employment benefits cost	2,397	3,045
Loss allowance on trade receivables	(155)	1,053

Notes to the financial statements

10 Other income

	31-Dec-19	31-Dec-18
	₦' 000	N' 000
Non-Fuel Income (NFI)	771	605
	771	**605**

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

11 Income taxes

Income tax recognised in profit or loss	**31-Dec-19**	**31-Dec-18**
	₦' 000	**N' 000**
Current tax		
In respect of current year		
- Minimum Tax	22,096	-
- Company income taxes	-	13,657
- Tertiary education tax	-	1,150
	22,096	**14,807**
Deferred tax		
(Credit)/ charge for the year	(7,291)	857
Total income tax expense recognised in the current year	**14,805**	**15,664**

11.1 Income tax reconciliation:

	31-Dec-19	**31-Dec-18**
	₦' 000	**₦' 000**
Profit before taxes	**(24,975)**	**45,277**
Tax at the statutory corporation tax rate of 30%	(7,492)	13,583
Effect of taxable temporary difference on property, plant and equipment	1,501	375
Effect investment allowance granted on plant and machinery	(21)	217
Tertiary Education tax		1,150
Minimum Tax	22,096	-
Effect adjustments for permanent differences	(1,279)	339
	14,805	**15,664**

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

	31-Dec-19	31-Dec-18
	₦' 000	₦' 000
At 1 January	17,161	17,754
Charged for year	22,096	14,807
Payment during the year	(14,807)	(15,400)
Current tax liabilities	**24,450**	**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.

	31-Dec-19	31-Dec-18
	₦' 000	₦' 000
Deferred tax (liability) as at 1 January	(8,793)	(7,936)
Deferred Tax (charge)/credit to profit or loss	7,291	(857)
Deferred tax (Liability) as at 31 December	**(1,502)**	**(8,793)**

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 (Loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the net (loss)/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 (loss)/earnings per share are the same as there are no instruments that have a dilutive effects on (loss)/ earnings.

	31-Dec-19	31-Dec-18
	₦	₦
Basic earnings per share - Naira	(0.70)	0.52

Notes to the financial statements

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.

	31-Dec-19	31-Dec-18
	₦' 000	₦' 000
(loss)/profit for the year attributable to owners of the Company	(39,780)	29,614
Dividends paid on convertible non-participating preference shares		
Earnings used in the calculation of basic earnings per share	**(39,780)**	**29,614**
Others		
Earnings used in the calculation of basic earnings per share	**(39,780)**	**29,614**
	31-Dec-19	**31-Dec-18**
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

13 Property, plant and equipment

	31-Dec-19	31-Dec-18
Asset	**₦' 000**	**N' 000**
* Leasehold Improvement	12,818	15,530
* Plants and Machinery	9,395	13,868
* Motor Vehicles	0	-
* Office Equipment	702	130
* Capital Work in Progress	75,492	56,517
* Furniture and fittings	10,294	12,974
	108,701	**99,019**

Notes to the financial statements

13 Property, plant and equipment (cont'd)

31 December 2019

	Plant & Machinery ₦' 000	Motor Vehicles ₦' 000	Office Equipment ₦' 000	Leasehold Improvement ₦' 000	Furniture & Fittings ₦' 000	Work in progress ₦' 000	Total ₦' 000
Cost/Valuation							
As at 1 January 2019	36,696	4,195	1,388	27,124	23,132	56,517	**149,052**
Additions during the year	-	-	697	-	-	18,975	**19,672**
As at 31 December 2019	**36,696**	**4,195**	**2,085**	**27,124**	**23,132**	**75,492**	**168,724**
Accumulated Depreciation and impairment							
As at 1 January 2019	22,828	4,195	1,258	11,594	10,158	-	**50,033**
Depreciation charge	4,474	-	124	2,712	2,680	-	**9,990**
As at 31 December 2019	**27,302**	**4,195**	**1,382**	**14,306**	**12,838**	**-**	**60,023**
Carrying Amount							
As at 31 December 2019	**9,394**	**-**	**703**	**12,818**	**10,294**	**75,492**	**108,701**
As at 1 January 2019	**13,868**	**-**	**130**	**15,530**	**12,974**	**56,517**	**99,019**

31 December 2018

	Plant & Machinery ₦' 000	Motor Vehicles ₦' 000	Office Equipment ₦' 000	Leasehold Improvement ₦' 000	Furniture & Fittings ₦' 000	Work in progress ₦' 000	Total ₦' 000
Cost/Valuation							
As at 1 January 2018	29,473	4,195	1,388	27,124	23,132	35,715	**121,027**
Additions during the year	7,223	-	-	-	-	20,802	**28,025**
As at 31 December 2018	**36,696**	**4,195**	**1,388**	**27,124**	**23,132**	**56,517**	**149,052**
Accumulated Depreciation and impairment							
As at 1 January 2018	17,363	4,195	1,132	8,882	7,304	-	**38,876**
Depreciation charges	5,465	-	126	2,712	2,854		**11,157**
As at 31 December 2018	**22,828**	**4,195**	**1,258**	**11,594**	**10,158**	**-**	**50,033**
Carrying Amount							
As at 31 December 2018	**13,868**	**-**	**130**	**15,530**	**12,974**	**56,517**	**99,019**
As at 1 January 2018	**12,110**	**-**	**256**	**18,242**	**15,828**	**35,715**	**82,151**

Notes to the financial statements

14 Inventories

	31-Dec-19	31-Dec-18
	₦' 000	N' 000
Inventory - AGO	-	68,871
Inventory - PMS	-	11,652
Inventory - DPK	-	-
Inventory - LUBE	-	-
	-	**80,523**

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

	31-Dec-19	31-Dec-18
	₦' 000	N' 000
Trade receivables	1,330,672	1,561,833
Other receivables	138	960
Trade and other receivables	**1,330,810**	**1,562,793**

15a Trade and other receivables

	31-Dec-19	31-Dec-18
	₦' 000	N' 000
Trade receivables - 3rd parties	484,932	645,937
Trade receivables - related parties	846,638	917,909
Trade receivables	**1,331,570**	**1,563,846**
Allowance for doubtful debts	(898)	(1,053)
Trade Receivables, net of allowance for doubtful debts	**1,330,672**	**1,562,793**

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.

15b AGE ANALYSIS:

	Not Yet Due		Not Impaired Past Due		Impaired Past Due	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	₦' 000	N' 000	₦' 000	N' 000	₦' 000	N' 000
1 - 30 days	1,212,704	1,158,103	-	-	-	-
31 - 60 days	94,480	282,023	-	-	-	-
61 - 90 days	-	52,839	15,403	-	-	-
91 - 1 year	-	1,054	-	17,143	-	52,685
more than 1 year	-	-	-	-	8,983	-
	1,307,184	**1,494,019**	**15,403**	**17,143**	**8,983**	**52,685**

Notes to the financial statements

15 Trade and other receivables (cont'd)

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.

15c Prepayment - Others

	31-Dec-19	31-Dec-18
	₦' 000	N' 000
Prepayments - Current	503	438
Prepayments -Non Current	-	-
	503	**438**

This represents payments made for insurance premiums and others.

16 Cash and cash equivalents

	31-Dec-19	31-Dec-18
	₦' 000	N' 000
Cash	614	491
	544,592	178,989
Cash and cash equivalent as per statement of financial position and statement of cash flows	**545,206**	**179,480**
Bank overdrafts	-	-
Cash and cash equivalent as per statement of cash flows	**545,206**	**179,480**

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 Right of Use Assets

	Buildings ₦ 000
Cost	
At 1 January 2018	62,490
Additions	9,055
At 31 December 2018	**71,545**
Additions	-
At 31 December 2019	**71,545**
Accumulated depreciation and impairment	
At 1 January 2018	-
Charge for the year	-
At 31 December 2018	-
Charge for the year	22,904
At 31 December 2019	**22,904**
Carrying amount:	
At 31 December 2019	**48,641**
At 31 December 2018	**71,545**

(a) There were no additions to right of use assets during the year.

(b) Depreciation charge of N22, 904,000 is included in administrative expenses in the statement of profit or loss and other comprehensive income.

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

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

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

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

Notes to the financial statements

18 Issued and related capital

	31-Dec-19	31-Dec-18
	₦' 000	N' 000
Share capital	28,312	28,312
Share premium	307,576	307,576
	335,888	**335,888**

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

	31-Dec-19	31-Dec-18
	₦' 000	N' 000
As at 1 January,	**261,187**	**237,236**
(Loss)/profit for the period	(39,780)	29,614
Dividend paid	(5,663)	(5,663)
As at 31 December,	**215,744**	**261,187**

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

Notes to the financial statements

20 Trade payables

	31-Dec-19	31-Dec-18
	₦' 000	N' 000
Trade Payables (Trade payables relates to amounts owed to Asharami Synergy Plc, a related party)	1,402,823	1,307,474
Other Payables (Note 20.1)	53,454	63,294
	1,456,277	**1,370,768**

20.1 Other payables

	31-Dec-19	31-Dec-18
	₦' 000	N' 000
Accrued expenses	47,040	57,924
Others	6,414	5,370
	53,454	**63,294**

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 Related party disclosure

The Company signed Technical and Management Services Agreement with its related company, Asharami Synergy Plc (the subsisting Sahara Group Oil & Gas Downstream entity, which by court approved 'Scheme of External Restructuring' have now subsumed the operations and businesses of the defunct So Energy Limited). Under the agreement, Asharami Synergy provides management support services, human resources support, information technology support and internal audit services to the Company. Asharami Synergy Plc receives 5% of gross profit for the services stated above.

Asharami Synergy Plc also conducts sales on behalf of RAK Unity Petroleum Plc under an agency relationship. RAK Unity Petroleum Plc finances the purchase of the petroleum products and sells the products to the assigned customers. Payments for those sales are equally received by Asharami Synergy. As a consideration, Asharami Synergy receives 5% commission on the margins made on such sales. The Company has issued to Asharami Synergy Plc, an irrevocable payment guarantee in respect of products.

21 Related party disclosure (cont'd)

Asharami Synergy Plc sold on behalf of the Company. The sales made under the agreement are analysed in note 5.1. During the year, the agency fee paid by the Company to Asharami Synergy Plc was N4.3m (2018: N3.3m).

As at 31 December 2018, the balances due from/to related companies are as follows:

Amounts due to related companies/parties	**31-Dec-19**	**31-Dec-18**
	₦' 000	**₦' 000**
Parent company:		
Toparte Nigeria Limited	5,930	5,930
Other related companies:		
Others (Individuals)	620	2,320
Asharami Synergy Plc	1,396,273	1,299,224
	1,402,823	**1,307,474**

The amount due to Asharami Synergy Plc as at 31 December 2019 was N1,396.3b (2018: N1,185.9b), which represents in respect of petroleum products purchased by the Company from Asharami Synergy Plc.

Amount due from related companies	**31-Dec-18**	**31-Dec-17**
	₦' 000	**₦' 000**
Centrum Properties Limited	20,235	30,252
Egbin Power	-	4,814
Ikeja Electric	6,031	15,674
Asharami Synergy Plc	820,372	867,169
	846,638	**917,909**

22 Financial risk management disclosure

22.1 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.

22.2 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 2018.

22.2 Capital management disclosure (cont'd)

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

	31-Dec-19	31-Dec-18
	₦' 000	N' 000
Debts (current and non-current) - (a)	-	-
Less: cash and cash equivalents	545,206	179,480
Net Debts	**545,206**	**179,480**
Equity - (b)	**551,632**	**597,075**
Net debt to equity ratio (a/b)	**98.84%**	**30.06%**

(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.

22.3 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.

22.4 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.

22.5 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.

22.6 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.

Notes to the financial statements

22.7 Liquidity risk

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

Liquidity GAP Analysis (Asset - Liability Matching)

	31 December 2019					
FINANCIAL ASSETS:	**On Call ₦' 000**	**< 1 year ₦' 000**	**1 - 2 years ₦' 000**	**2 - 5 years ₦' 000**	**> 5 years ₦' 000**	**Total ₦' 000**
Other financial assets:						
Trade receivables	-	1,330,672	-	-	-	1,330,672
Other receivables	-	138	-	-	-	138
Cash and cash equivalents	-	545,206	-	-	-	545,206
Total Financial Assets	**-**	**1,876,016**	**-**	**-**	**-**	**1,876,016**

FINANCIAL LIABILITIES:	**On Call N' 000**	**< 1 year N' 000**	**1 - 2 years N' 000**	**2 - 5 years N' 000**	**> 5 years N' 000**	**Total ₦' 000**
Other financial liabilities						
- Trade payables	-	1,402,823	-	-	-	1,402,823
- Other payables	-	53,454	-	-	-	53,454
Total Financial Liabilities	**-**	**1,456,277**	**-**	**-**	**-**	**1,456,277**

Liquidity GAP	**On Call N' 000**	**< 1 year N' 000**	**1 - 2 years N' 000**	**2 - 5 years N' 000**	**> 5 years N' 000**	**Total ₦' 000**
Financial Assets	-	1,876,016	-	-	-	1,876,016
Financial Liabilities	-	1,456,277	-	-	-	1,456,277
Liquidity GAP (+/-)	**-**	**419,739**	**-**	**-**	**-**	**419,739**

22.7 Liquidity risk (cont'd)

			31 December 2018			
	On Call	< 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
FINANCIAL ASSETS:	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000
Other financial assets:						
Trade receivables	-	1,561,833	-	-	-	1,561,833
Other receivables	-	960	-	-	-	960
Cash and cash equivalents	-	179,480	-	-	-	179,480
Total Financial Assets	-	**1,742,273**	-	-	-	**1,742,273**

	On Call	< 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
FINANCIAL LIABILITIES:	N' 000	N' 000	N' 000	N' 000	N' 000	₦' 000
Fair value through profit or loss:						
Other financial liabilities						
- Trade payables	-	1,294,723	-	-	-	1,294,723
- Other payables	-	63,294	-	-	-	63,294
Total Financial Liabilities	-	**1,358,017**	-	-	-	**1,358,017**

	On Call	< 1 year	1 - 2 years	2 - 5 years	> 5 years	Total
Liquidity GAP	N' 000	N' 000	N' 000	N' 000	N' 000	₦' 000
Financial Assets	-	1,742,273	-	-	-	1,742,273
Financial Liabilities	-	1,358,017	-	-	-	1,358,017
Liquidity GAP (+/-)	-	**384,256**	-	-	-	**384,256**

22.7 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.

Notes to the financial statements

23 Events after the reporting period

Impact of COVID 19

As at the time of preparing these financial statements, there is widespread global uncertainty associated with the COVID-19 pandemic. We are closely monitoring the situation and adapting our business as required.

COVID 19 pandemic is expected to have an impact on the business of RAK Unity Petroleum Plc. This is however not peculiar to the Company alone as many other businesses and economies globally are affected. Petroleum products are categorized as essential commodity; therefore, sales and movement of products are not affected by the lockdown in Nigeria. The lockdown will however result in lower sales volume at the filling stations due to restriction of movement and other business activities. COVID-19 outbreak is still in its early stages, and we cannot fully estimate or predict the potential future effects of the outbreak on the Company's business or its prospects.

Based on our assessment, we have come to the conclusion that the Company's business will still continue as a going concern despite the anticipated impacts.

There were no events after the reporting date that could have had any material effect on the state of affairs of the Company as at 31 December 2019 and on the loss for the year ended on that date that have not been taken into accounts in these financial statements.

24 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.

25 Dividend

The Directors did not propose any dividend for the year.

26 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.

OTHER NATIONAL DISCLOSURES

Value added statement

	31-Dec-19 (3 Months) ₦' 000	%	31-Dec-18 (3 Months) N' 000	%
Turnover	4,419,250		9,569,688	
Other income	350		605	
Bought in Material and services - Local	(4,355,744)		(9,451,130)	
Value (Eroded)/Added	**63,856**	**100%**	**119,163**	**100%**
Applied as follows:				
To Pay Employees:				
Salaries and benefits	55,937	87%	61,870	52%
To Pay Government:				
Taxation	22,096	34%	15,664	13%
To Pay Providers of funds:				
Interest on borrowings	-		-	
To Provide for Replacement of Assets and Future Developments:				
Depreciation of assets	32,894	52%	11,158	9%
Deferred tax (credit) / charge	(7,291)	(11)%	857	1%
Accumulated (loss)/profit	(39,780)	(62)%	29,614	25%
Value added	**63,856**	**100%**	**119,163**	**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.

Five years financial summary

STATEMENT OF FINANCIAL POSITION	IFRS				
	31-Dec-19 (12 Months) ₦' 000	31-Dec-18 (12 Months) N' 000	31-Dec-17 (12 Months) N' 000	31-Dec-16 (9 Months) N' 000	31-Mar-16 (12 Months) N' 000
Assets					
Property, plant and equipment	108,701	99,019	82,151	81,185	67,272
Deferred Tax Assets	-	-	74,493	47,928	61,162
Right of use asset (Prepaid Lease)	48,641				
Prepayment non-current	-	56,639	-	-	-
Current assets	1,876,519	1,838,141	1,179,671	1,255,172	1,281,259
	2,033,861	**1,993,799**	**1,336,315**	**1,384,285**	**1,409,693**
Equity and Liabilities					
Share capital	28,312	28,312	28,312	28,312	28,312
Share premium	307,576	307,576	307,576	307,576	307,576
Retained Earnings	215,744	261,187	237,236	212,547	170,448
Current liabilities	1,480,727	1,387,929	755,255	827,417	896,083
Deferred tax liabilities	1,502	8,793	7,936	8,433	7,274
	2,033,861	**1,993,799**	**1,336,315**	**1,384,285**	**1,409,693**

STATEMENT OF PROFIT OR LOSS	IFRS				
	31-Dec-19 (12 Months) N' 000	31-Dec-18 (12 Months) N' 000	31-Dec-17 (12 Months) N' 000	31-Dec-16 (9 Months) N' 000	31-Mar-16 (12 Months) N' 000
Revenue	9,569,689	9,569,689	10,370,833	8,271,111	6,682,951
(Loss)/profit before taxes	(24,975)	45,277	45,254	78,372	80,849
(Loss)/profit after taxes	(39,780)	29,614	30,351	42,099	53,346
(Loss)/ earnings per share (Kobo) - Basic	**(70)**	**52**	**54**	**74**	**94**
Net assets per share (Kobo)	**974**	**1,054**	**1,012**	**969**	**894**

(Loss)/earnings per share is based on (loss)/ profit after tax and the number of ordinary shares of 50 kobo in issue at end of each financial year.

Net assets per share is based on the net asset and the number of ordinary shares of 50 kobo in issue at the end of each financial year.