2021
Annual Report & Accounts

www.mrsoilnigplc.net

MRS Oil Nigeria Plc

www.mrsoilnigplc.net

Customer Service Line: +234 809 030 0000

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OUR COMPANY

> As a growing company, MRS Oil Nigeria Plc has great passion and is committed to Africa and its people. We are an African Company with an eye to put Africa on the global listing of world class companies...

OUR VISION

To be the leading integrated African Energy Company recognized for its People, Excellence and Values.

OUR MISSION

To be the preferred fuel marketer in the hearts and minds of the customers, mostly recognized because of the reliability, the quality, the cleanliness and the safety of the product and services offered.

OUR CORE VALUE

1. Performing our job with the highest integrity and ethics.
2. Respecting the laws of the countries we operate in.
3. Training our people to become the best professionals.
4. Being fair and honest towards the stakeholders we deal with.
5. Applying our standards and procedures consistently across the corporation.
6. Creating an attractive and competitive total shareholders' return for our stakeholders.

ABOUT US

WHO WE ARE

“The dawn of a new era”

MRS OIL NIGERIA PLC is a fully integrated and efficient downstream player with leading positions in the Nigeria Oil Industry. We are the supplier of choice to our esteemed customers, thus strengthening our commitment of product reliability and excellence in service offerings.

We are an organization focused on improving our operating efficiencies in all areas of the downstream sector where we currently operate. We have an excellent track record and an in-depth knowledge of the Nigeria downstream sector.

We stand for quality and our ISO 9002 and SON certifications are a continuously implemented to ensure customers’ total satisfaction and shareholders’ returns

WHAT WE DO

We are one of the largest Nigerian leading marketers and retail distributors.

With presence in all Nigerian Major Airports, our aviation fuel terminals supply international and domestic airlines.

With our wide range of lubricants and industry expertise, we also offer premium lubricant and grease which pass the most stringent OEM certification. **Stallion and Premier Motor Oil. are the preferred choice for mechanic shops and top automotive brands.**

Our research and development team, develop constantly new product lines to supply the industry with premium quality products.

We are at the forefront of LPG composite cylinder distribution, to ensure safe and quality gas are utilized in every household in Nigeria of every Nigerian.

NOTICE
of Annual General Meeting

Notice is hereby given that the Fifty–Third Annual General Meeting of MRS Oil Nigeria Plc will hold at the Civic Centre, Ozumba Mbadiwe Way, Lagos, Nigeria, on August 2, 2022 at 11:00 a.m. to transact the following business:-

ORDINARY BUSINESS:

1. To lay the Audited Financial Statements for the year ended 31 December 2021 and the Report of the Directors together with the Audit Committee and Auditors Report thereon.

2. To declare a Bonus.

3. To re-elect/elect Directors under Articles 90/91 of the Company's Articles of Association.

4. To authorize the Directors to fix the remuneration of the Auditors.

5. To elect the Members of the Audit Committee.

6. To disclose the remuneration of the Managers of the Company.

SPECIAL BUSINESS:

To consider and if thought fit, pass the following resolution as Ordinary Resolutions:

7. To fix the remuneration of the Directors.

8. "That the value of Issued Share Capital of the Company be and is hereby increased from 161,227,482 to 171,442,353.5 by the creation of additional 20, 429, 743 Ordinary Shares of 50 kobo each to rank in all respect pari passu with the existing shares of the Company".

9. "In pursuance to the Company's Articles of Association and the recommendation of the Directors, that the sum of N10,214,871.5 (Ten Million, Two Hundred and Fourteen Thousand, eight Hundred and Seventy One Naira, Fifty Kobo Only) be transferred from the balance of retained profits to the share capital account. The amount thus transferred shall represent the value of 20, 429, 743 Ordinary Shares as fully paid up, amongst Members whose names are registered in the Company's Register of Members at the close of business on Friday, July 1, 2022, in the proportion of 1 (one) new share of 50 kobo each for every 8 (eight) existing shares of 50 kobo each, held by them. The shares thus distributed shall rank pari passu with the existing shares in all aspect. They should be treated for all purposes as capital and not an income and such capitalization of reserves and the issue of bonus shares shall be effected upon receipt by the Directors of the necessary approval from the Authorities".

   That the Directors be and hereby authorized to deal with the fractions of shares arising from the allotted bonus shares to Registered Member, as they deem fit.

   To consider and if thought fit, pass the following resolutions as Ordinary Resolutions:

10. That the Memorandum of Association of the Company be and are hereby altered by deleting the present Clause 6 and substituting the following new Clause below in its place:

    - "Clause 6 – The Share Capital of the Company is 171,442,353.5 divided into 342,884,707 Ordinary Shares of 50 kobo each, with respective rights as are defined by the Articles of Association.

11. That the Articles of Association of the Company be and are hereby altered by deleting the present Article 3 and substituting the following new Article below in its place:

    - "Article 3 – The Share Capital of the Company is 171,442,353.5 divided into 342,884,707 Ordinary Shares of 50 kobo each.

12. That the Memorandum of Association of the Company be and are hereby altered by inserting Note 14 "On August 2nd 2022, the share capital of the Company was increased to 171,442,353.5 divided into 342,884,707 Ordinary Shares of 50 kobo each.

13. To renew the general mandate for "Related Party Transactions".

NOTES:

i. Compliance with Government Directive on COVID-19 and Related Guidelines:
In line with the guidelines of the Corporate Affairs

Commission on the conduct of the Annual General Meeting (AGM) of Public Companies by Proxies and the need to comply with the directive and regulations of the Federal Government, the Lagos State Government, and the Nigerian Centre for Disease Control (NCDC) on safety and health measures against COVID-19 pandemic, the number of people at mass social gatherings would be complied with. The Company has obtained the approval of the Corporate Affairs Commission (CAC) to hold the AGM, taking advantage of S.230 of the Companies and Allied Matters Act on the use of proxies, with attendance by proxies.

ii. Bonus Issue:

If the Bonus of 1:8 recommended by the Directors is ratified by the Shareholders at the Annual General Meeting on August 2, 2022, a bonus in the ratio of 1:8 is to be issued to Members whose names appear in the Register of Members at the close of business on July 1, 2022.

iii. Proxy:

A Member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his/her stead. A proxy need not be a member of the Company. All instruments of proxy should be duly stamped by the Commissioner of Stamp Duties and deposited at the Registrar's Office, First Registrars & Investor Services, Plot 2, Abebe Village Road, Iganmu, Lagos, not later than 48 hours before the time for holding the Meeting. A corporate body being a member of the Company is required to execute a proxy under seal. A blank proxy form is attached to the Annual Report and Accounts and may also be downloaded from the Company's website at ***(http://mrsoilnigplc.net/investor/index.html).***

Stamping of Proxy Form

The cost of stamping duly completed proxies submitted within the stipulated timeframe will be borne by the Company.

iv. Attendance by Proxy:

In accordance with CAC's Guidelines, attendance at the AGM shall be by proxy only. The proceedings of the Annual General Meeting shall be streamed live. Members entitled to attend and vote at the AGM may wish to select their members, as their proxies to attend and vote in their stead.

1.	Chief Timothy Adesiyan	11.	MOT Olayiwola Tobun
2.	Prince Anthony Omojola	12.	Mr. Chibuzor Eke
3.	Alhaji Mustapha Jinadu	13.	Engr. Binuyo Sharafa Teju
4.	Pastor Williams Adebayo	14.	Mr.Adebayo A. Adeleke
5.	Mr. Adewale Kassim Laiyenbi	15.	Pastor Samson Olusegun Olagoke
6.	Mr. David Abimbola Solomon	16.	Mr. Olowolafe Kehinde Boboye
7.	Ms. Efunbosede Ayotunde Shopeju	17.	Honourable Oluwatoyin Balogun
8.	Barrister Franklin Umukoro	18.	Mr. Anthony Katchy
9.	Mr. Nornah Awoh	19.	Mr. Peter Owolabi
10.	Alhaja Sarata Balogun		

v. Shareholders Right to Ask Questions:

Prior to the Meeting, Members have a right to ask questions regarding concerns or observations that may arise from the 2021, Annual Report and Accounts, in writing and during the Annual General Meeting. Provided, that the questions in writing shall be submitted to the Company, not later than July 12, 2022. The 2021 Annual Report and Accounts of the Company is available on the Company's website at ***www.mrsoilnigplc.net.***

vi. Register of Members and Transfer Books:

The Register of Members and Transfer Books of the Company will be closed from July 4, 2022 through July 8, 2022 (both dates inclusive) to enable the preparation of an up to date Register and Bonus Issue.

vii. Nomination for the Audit Committee:
In accordance with section 404 (6) of the Companies and Allied Matters Act, 2020, any member may nominate a Shareholder as a member of the Audit Committee, by notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

viii. Unclaimed Dividend Warrants:
Several dividend and share certificates remain unclaimed and yet to be presented for payment or returned to the Company for revalidation. We therefore urge all Shareholders who are yet to update their contact details to kindly contact the Company's Registrar or the Company Secretary.

ix. E-Dividend/Bonus Mandate:
Notice is hereby given to all Shareholders to open bank account, stock broking accounts and CSCS accounts for the purpose of dividend/bonus issue. A detachable e-dividend/ebonus mandate form, is attached to the Annual Report for your convenience. The aforementioned form can also be downloaded from the Company's website at ***www.mrsoilnigplc.net*** or ***www.firstregistrarsnigeria.com***/download-forms. Kindly fill the form and submit to the Company's Registrar.

Duly completed forms should be returned to First Registrars and Investor Services Limited, Plot 2, Abebe Village Road, Iganmu, Lagos or via email at ***info@firstregistrarsnigeria.com.***

x. E-Report:
The electronic version of the 2021 Annual Report and Accounts is available online for viewing and download via the Company's website, ***www.mrsoilnigplc.net.***

xi. Securities and Exchange Commission (SEC) Rule on Complaints Management Framework:
Please note that the SEC Rule No. 10(a) enjoins Shareholders who have complaints to register same on the website of the Company at ***www.mrsoilnigplc.net.*** This will ensure complaints from Shareholders are handled in a timely, effective, fair and consistent manner.

xii. Closure of Dividends 36:
In accordance with section 285 of Companies and Allied Matters Act, 2004 regarding dividends that are unclaimed for over twelve years, the Board at its meeting of March 29, 2021 approved the recall of Dividend 36 into the Company's account effective July 28, 2022. No further Dividend will be paid to Shareholders from this Dividend.

xiii. Biographical Details of Directors for Re-election:
Biographical details of Directors standing for re-election are provided in the Annual Report.

xiv. Website:
A copy of this Notice, list of unclaimed dividends for the year ended 31 December, 2021 and other information relating to the AGM can be found on the Company's website – ***www.mrsoilnigplc.net***

xv. Live Streaming of the Annual General Meeting:
The AGM will be streamed live via the Company's website. This will enable Shareholders and other Stakeholders who will not be attending the meeting physically to be part of the proceedings. The link for live streaming would be made available on the Company's website, ***www.mrsoilnigplc.net*** in due course.

(BY ORDER OF THE BOARD)

O.M. Jafojo (Mrs.) FCIS
Company Secretary
FRC NO: 2013/NBA/00000002311

Registered Office
2, Tincan Island Port Road,
Apapa, Lagos, Nigeria.

Dated: March 29, 2022

RESULTS AT A GLANCE:

Year ended 31 December 2021	2021	2020	Variance
	NGN'000	NGN'000	%
Revenue	71,976,255	41,981,439	0.71
Profit/(Loss) Before Tax	325,025	(2,652,069)	1.12
Tax charge	14,848	387,924	0.96
Profit/(Loss) for the year	339,873	(2,264,145)	1.15
Proposed Dividend for the Year	-	-	-
Bonus Issue Reserve	-	-	-
Net Assets per 50k Share	56.38	55.26	0.02
Profit/(Loss) per 50k Share (Naira)	1.12	(7.43)	1.15

Corporate Information: RC 6442

Board of Directors

Mr. Patrice Alberti	Chairman
Mr. Marco Storari	Managing Director
Ms. Amina Maina	Non Executive Director
Mr. Matthew Akinlade	Independent Director
Sir. Sunday Nnamdi Nwosu	Non Executive Director
Dr. Amobi Daniel Nwokafor	Non Executive Director
Mrs. Priscilla Ogwemoh	Non Executive Director

REGISTERED OFFICE
2, Tin Can Island
Apapa, Lagos

COMPANY SECRETARY
Mrs. O. M. Jafojo
2, Tin Can Island Port Road
Apapa, Lagos

REGISTRAR
First Registrars and Investor Services Limited
Plot 2, Abebe Village Road, Iganmu, Lagos
PMB 12692 Marina, Lagos

AUDITOR
Deloitte & Touche
Civic Towers
Ozumba Mbadiwe Avenue
Victoria Island, Lagos

PRINCIPAL BANKERS
Access Bank Plc
Coronation Merchant Bank Limited
Fidelity Bank Plc
First Bank of Nigeria Limited
First City Monument Bank Plc
Globus Bank Limited
Polaris Bank Limited
Standard Chartered Bank Nigeria Limited
Stanbic IBTC Bank Plc
Sterling Bank Plc
Union Bank of Nigeria Limited
Unity Bank Plc
Wema Bank Plc
Zenith Bank Plc

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*Appointed August 5, 2020
**Resigned August 5, 2020
***Resigned August 5, 2020

LEADERSHIP TEAM

Marco Storari
Managing Director

Oluwakemi M. Jafojo
Company Secretary

Samson Adejonwo
Chief Finance Officer

Abiodun Alabi
Chief Internal Auditor

Mr. Muideen Salami
Account Manager

Col. Adebisi Adesanya
Chief Security Officer

Stacey Obielu
Treasury Manager

Emeka Ogugua
Engineering Manager

Nkem Fasanmi
Supply Manager

Mr. Samuel Moses
Sales and Marketing Manager

Olayemi Oyeyiola
Human Resources Manager

Olawale Badru
Chief Legal Counsel

Sunday Oyekale
Head, Risk and Compliance

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

The Directors of MRS Oil Nigeria Plc ("the company") 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 2021 and the results of its operations, cash flows and changes in the equity for the year ended, in compliance with the International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act, 2021 and the Financial Reporting Council of Nigeria Act, 2011.

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

- Properly selecting and applying accounting policies
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, 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 legislation of Nigeria and IFRS;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and preventing and detecting fraud and other irregularities.

Going Concern:

The Directors have assessed the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead.

The Financial Statements of the Company for the year ended 31 December 2021 were approved by Directors on 29 March, 2022.

On behalf of the Directors of the Company.

Signature	Signature
Mr. Marco Storari	Dr. Amobi D. Nwokafor
(Managing Director)	(Director)
FRC/2020/003/00000022038	FRC/2013/ICAN/00000002770
March 29, 2021	March 29, 2021

CHAIRMAN'S STATEMENT

INTRODUCTION

Ladies and Gentlemen, it is with immense pleasure that I welcome esteemed investors, board members, the press, loyal employees, and customers to the 53rd Annual General Meeting of MRS Oil Nigeria Plc. The unwavering support of our internal and external stakeholders towards the continuous growth of the business is recognized and deeply appreciated. Despite the challenges of 2020, your confidence in us as demonstrated by your continued investments, places this organization as a first-choice brand in the Nigerian Downstream Sector. It is indeed my desire to present the Annual Report and Accounts for the financial year ended 31st December 2021.

2021 was the year of gradual recovery from the clutches of the COVID-19 Pandemic and this reflected in the manner MRS strategies were designed and executed. This report shall address the Company's reporting precedence and take a detailed look at key factors across several local, national and global situations that influenced operations and performance within the year under review.

THE 2021 OPERATING ENVIRONMENT

In September 2021, the World Bank discontinued its Ease of Doing Business Index and the Doing Business Report; this has been the index for measuring regulations that affect the ease of doing business in 190 countries for 18 years. The decision to discontinue came in the wake of trails of irregularities spotted in the data for China (DB 2018), as well as Saudi Arabia, the United Arab Emirates and Azerbaijan (DB 2020) and complaints, highlighting the unethical conduct of former Board officials.

Back home, the discontinuation met with condemnation by the Nigerian Government. It came as no surprise as the current administration relied on the report to benchmark its success; coincidentally, Nigeria began to gain on the world index of the report. In fact, the trajectory of the ratings showed consistent progress since 2014. According to the report, Nigeria out of 190 countries, indicated steady growth in her business environment from the 146th and 145th position in 2018 and 2019 respectively, to 131st place in 2020. This report was the most current ranking before the World Bank's discontinuation. While we consider the progress laudable, it is also important to note that other African countries had fared better. Of the 190 countries assessed, Ghana was ranked at the 60th position, Rwanda below the 40th and Botswana is at the 86th position. This easily explains the reasons for many multinational companies divesting from Nigeria and moving in their droves to these other countries.

Despite the steady progress in Nigeria's ranking, the harsh realities which faced a number of businesses prevails. Therefore, the discontinuation of this report should be a wake-up call for Government to take stock of the true state of running a business in Nigeria. The operating environment should be critically reviewed. The following economic disruptors were identified in 2021:

- Insecurity was a major economic disruptor in 2021, in spite of the appointment of the new service chiefs in January 2021. The situation escalated with a surge in the reported cases of kidnapping, armed robbery, hostage-taking, vandalization of revenue generating assets, banditry, terrorism, communal and ethnic clashes, ritual killings and rape, over the country. On its travel advisory, the US Department of State; Bureau of Consular Affairs and the Canadian Government advised against traveling to Nigeria due to the increased spate of kidnapping. This advisory is inimical to foreign investment and it explains the decision of foreign investors to launch their offices in African countries except Nigeria, despite the large market here. The current security challenges takes a toll on the cost of doing business as well as, on the disposable incomes of Nigerians. The most recent report of the Global Terrorism Index (GTI) revealed that over $40.6 billion worth of foreign investments were diverted from the Nigerian economy as a result of insecurity in 2020. The report on 2021 is not yet available, but the indicators show that due to the increase in insecurity, the economic loss suffered in 2021 is higher than the recorded loss of 2020.

- Nigeria's annual inflation rate rose for the first time in eight months, following a recorded and consecutive fall in 2021. Inflation rose to 15.63% in December 2021 compared to 15.40% in November 2021. The rise was in part driven by a continued surge in food inflation. The report from the National Bureau of Statistics (NBS) revealed that food inflation, the composite food index, rose by 17.37% in December 2021 and went down by 2.19% when compared to 19.56 % in December 2020. According to the NBS, inflation was not restricted to food alone; the highest increases were recorded in the prices of Gas, Liquid fuel, Wine, Actual and imputed rentals for Housing, Narcotics, Tobacco and so on. The increase in Nigeria's inflation rate implies that the purchasing power of Nigerians is being eroded and plummeted further, during the end of 2021 as the demand for products surged across the country.

- Another major disruptor of the economy was the foreign exchange challenges and the need for the Central Bank of Nigeria (CBN) to implement reforms and policies to address the issues. In July, 2021, the

CBN's Monetary Policy Committee (MPC) stopped the sale of foreign exchange to Bureau De Change (BDC) operators. This was mandated to safeguard the value of the Naira, ensure financial system stability and shore up external reserves. This is in line with the apex bank statutory function of maintaining the country's foreign reserves as well as stabilizing the exchange rates. Furthermore, CBN explained that the parallel market had become a conduit for illicit forex flow, graft and money laundering. It was reported that the BDCs had deviated from the original objective for which they were established and CBN stopped processing applications for BDC licenses. Consequently, CBN channeled the weekly dollar sales through the commercial banks to meet legitimate demands and implemented provisions, to monitor the FX activities of these banks. A week after the new foreign exchange regime, the Naira fell from N505 to N525 per dollar. While the CBN must be commended on its positive efforts, however, we must call for a review of the effectiveness of this strategy to address the country's FX challenges. The depreciation of the Naira has substantially hiked the cost of business activities especially in the oil and gas sector, where MRS is a major player.

- The Nigerian power sector in 2021 witnessed a few positive changes; however, this does not preclude its role in the disruption of business activities. According to the World Bank 2021 Report, the power challenges, reported that about 85 million people, (approximately 43 % of Nigeria's population) are without access to grid electricity; making Nigeria the country with the largest energy access deficit, in the world. This shows that adequate investments were not made over the years to transmit and distribute electricity to consumers, including homes and companies, following eight years of privatization. The latest data obtained from the Electricity Generation Companies (GenCos), showed that unutilized power, which stood at 3,698.51MW in 2018, dropped slightly to 3,599MW in 2019, before hovering at 3,742.43MW and 2,117.86MW in 2020 and 2021 respectively. Despite the efforts of the Nigerian Government to boost power supply, there is an inherent infrastructural challenge that needs to be addressed urgently. At the beginning of 2021, stakeholders in the power sector had various expectations towards the improvement of electricity supply.

- In this regard, there were positive indicators, as reports by the Independent System Operations (ISO), and Transmission Company of Nigeria (TCN) showed multiple all-time peaks in the first quarter of the year. The average Nigerian unutilized power generation has increased year-on-year, to 3,008.18 Megawatts in 2021 from 1,030.80 MW in 2013, indicating an increase of 291% in the past eight years, due mainly to lack of infrastructure.

- in 2021 Nigeria's debt profile was a huge cause of concern for Nigerian citizens. According to the Debt Management Office (DMO), the debt profile of Q3 2021 surged to N38 trillion from N35.47 trillion recorded in the preceding quarter (Q2 2021). The debt continues to witness significant increase both from domestic and foreign sources. For example, Nigeria's external debts rose to $37.96 billion in Q3 2021 from $33.47 billion recorded in the previous quarter, as an increase due largely to the $4 billion Eurobond secured by the Federal Government from the international debt market. In the same manner, domestic debts also reached $54.67 billion in the same period; increasing by 3% from $53.1 billion recorded in Q3 2021. A further analysis of the debt report by the Debt Management Office (DMO), indicates that Nigeria has acquired at least $6.23 billion new loans so far in the year, as of Q3 2021. The report from the debt office showed that the amount owed by the country comprised of total external and domestic debts of the Federal Government, 36 state governments and the Federal Capital Territory (FCT). While debt profile witnessed significant increase in the review period, debt service cost, gulped a significant portion of the country's scarce income. With reduced inflows and the Government's weak revenue generating profile. It is important to express concern over the looming debt crisis.

- In June 2021, the Federal Government of Nigeria banned the use of the online social media platform – Twitter and in order for the ban to be lifted, Twitter was given certain conditions such as its registration in the country and physical presence and representation. Within Twitter's efforts to fulfill the requirements and the Nigerian Government lifting the ban, the economy suffered about NGN546.5 billion loss. In addition to the financial losses recorded, the country was perceived as hostile to innovative businesses; a repellant to foreign investments. In 2021, Twitter and Google amongst other international investors opened their African offices in Ghana, a disappointing situation for many Nigerians who are heavily vested in these businesses. However, the choice of Ghana over Nigeria as the operating base was alien to its stable political climate, abundant power supply and other positive indicators of doing business. A worrisome development, save the forex inflow from the exportation of crude, Nigeria should be positioned to attract forex, especially through FDIs (Foreign Direct Investment). The Country was faced with huge capital inflow problems in 2021, attributed to the downturn in most areas of the economy. According to data from the National Bureau of Statistics (NBS), foreign investment remained low in the first and second quarter of 2021, following the abysmal numbers recorded in 2020 during the pandemic. Nigeria recorded foreign portfolio investments of $551 million and direct investments at $77.97 million, both significantly lower when compared to pre-pandemic levels.

Other issues that plagued the operating environment and impacted improved economic outcomes are insecurity, sectoral rigidity, infrastructure deficit, inadequately skilled workforce, unemployment and the lingering COVID-19 pandemic. That being said, it is important to note that it was not all doom and gloom for the Nigerian operating environment particularly with COVID-19. Despite the three distinct waves of infection peaking in June 2020, January 2021 and August 2021,
the economy rebounded with a growth rate of 2.5%. Grappling with the coordination of vaccination efforts, the realities of new variants and the introduction of other variants into the scene, the World Bank Board of Directors approved a $400 million credit in additional financing from the International Development Association (IDA) to provide upfront financing for safe and effective COVID-19 vaccine acquisition and its deployment within the country.

Another significant effort recorded by the Nigerian Government in 2021, is evidenced in the passage of the 2021 Finance Bill. This was signed into law on the 31st of December 2021, by the President of Nigeria and it is flaunted as the silver lining in these dark clouds. This Act is purported to usher in a new era of tax governance to drive the amendment of some tax and fiscal laws to promote economic growth, attract foreign investments and increase government's revenue. The Act seeks to remove multiple taxations in various sectors, encourage growth in the economy and stimulate business opportunities especially for Small and Medium Scale Enterprises (SMEs). This is a critical step in the right direction for a positive economic outlook in 2022. Furthermore, Government must stay committed to a competitive business environment. The discontinuance of the World Bank Ease of Doing Business Report notwithstanding, Nigeria must as a matter of urgency ensure that the indicators for creating a favorable environment are identified, addressed and monitored.

THE ECONOMIC ENVIRONMENT

THE GLOBAL ECONOMIC ENVIRONMENT

While predicting the outlook for 2021, the projections for the global economy predict a growth rate around 5% in market exchange rates - the fastest rate recorded in the 21st century - returning the global economy in aggregate to pre-pandemic levels of output by the end of 2021 or early 2022. In reality, the World Bank's Global Economic Prospects report showed that in 2021, the world's economy bounced back from the pandemic, with the strongest post-recession expansion in 80 years. The downward revision for 2021 reflects a downgrade for advanced economies in part, due to supply disruptions and low-income developing countries, from worsening pandemic dynamics. This is partially offset by stronger near-term prospects among some commodity-exporting emerging market and developing economies. The rapid spread of the Delta variant and the threat of the Omicron variant increased uncertainty about how quickly Nigeria can overcome the pandemic. Policy choices have become more difficult, with limited room to maneuver. 2021 was a year of strong recovery from the "lockdown recession" of the previous year despite surging growth forecasts, soaring stock markets and strong commodity prices. As the year drew to a close, two shadows loomed over economic prospects — the threat of the omicron variant that appeared in November and rising global inflation trends.

The announcement of the Delta variant, triggered largescale hospitalizations and further restrictions on mobility and travel; this had a partial negative impact on global economies, both advanced and emerging. The pace in the growth of the U.S. economy slowed down, as COVID-19 infections flared up further straining global supply chains and causing shortages of goods like automobiles, that almost stifled consumer spending. Meanwhile, the United Kingdom had solid fundamentals that propelled its recoveries, as supply chain constraints slowly eased. China's growth was the brightest among large emerging market economies while India recovered briskly yet, with so much ground to make up after its steep decline in the economic activity in 2020. Europe witnessed strong economic recovery in 2021, with IMF forecasts showing a GDP growth of 5% in the Euro currency area and 6.8% in the post-Brexit UK.

Global economic growth gained momentum at the start of the fourth quarter as disruptions to businesses in many countries eased in line with a reduction in the number of COVID-19 cases. However, not all economies saw improvements, with the rising number of cases associated with the spread of the Delta variant in the Eurozone and Russia in particular subduing growth; the virus concerns continues to limit growth in other economies, most notably China.

THE DOMESTIC ECONOMIC ENVIRONMENT

The Nigerian economy is classified into the oil and non-oil sectors. The non-oil economy grew by 4.73% in the 4th quarter from the previous year, bolstered by 3.58% growth in agriculture and 5% in services. The oil sector contracted by 8.06% in the fourth quarter and an annual growth rate of (-)8.30% in 2021. 2021 began amidst worries over its inflation figures and the ripple effects on the standard of living of the average Nigerian. In March 2021, inflation rose to 18.17% from 17.33% recorded in February 2021. According to the Consumer Price Index report released by the National Bureau of Statistics (NBS); this represented 0.82% points higher than February's figures. In April, however, the bureau said that inflation rate stood at 18.12%; while dealing with the high rate of inflation, unemployment was equally on the rise. In March 2021, the National Bureau of Statistics (NBS) reported that Nigeria's unemployment rate rose to 33.3%, translating to some 23.2 million people, the highest in at least 13 years and the second highest rate in the world. Despite the government's efforts to address this issue, it is unfortunate to report that the unemployment rate has tripled between 2015 and 2021.

While grappling with the harsh effects of inflation and unemployment, the Nigerian Government was confronted with by far the most significant debate on taxation in Nigeria in 2021 with respect to the Value Added Tax. The conclusion of this debate would have an effect of untold magnitude on Government's revenue and positive impact on the states under dispute. The Federal High Court in Port Harcourt, in a landmark judgment, held that it was the Nigerian Government (in response to this position), seeking to reinforce the Federal Inland Revenue Services (FIRS) as the principal tax collection agency in the country with the proposed amendments to the Finance Act 2021.

It is purported that with the implementation of this Act, Government has the potential to increase its revenue by NGN60 billion. The Act is expected to make changes to 12 laws, including Companies Income Tax Act, Personal Income Tax Act, Capital Gains Tax Act, Stamp Duties Act, Tertiary Education Trust Fund (Establishment]) Act, Value Added Tax Act, Insurance Act, National Agency for Science and Engineering Infrastructure Act. These changes are expected to address the following:

- Include the introduction of 10% rate for capital gains tax on gains from disposal of shares in any Nigerian company, when the gross proceeds from such sales in any 12 consecutive months exceed N100 million (except when the proceeds are reinvested in shares of the same or other Nigerian company within the same year of assessment).

- Also, in its renewed drive to boost domestic resource mobilization, the Federal Government restricted companies involved in the trade or business of gas utilization in downstream operations in the country to a, "once in a lifetime" tax-free regime, according to the latest changes effected in the Finance Act, 2021.

- The new law states that additional investment, re-organization or other forms of corporate restructuring shall not qualify for a further tax incentive under the gas investment program.

THE POLITICAL ENVIRONMENT

Even with 2023 still far off, the groundwork for elections were broadly laid out in 2021. The political environment was a tapestry of activities fraught with tension as the country looks ahead to 2023. With the successful conduct of the governorship poll in Anambra State on November 6, 2021, the stage is set for similar elections in Osun and Ekiti states and are scheduled to hold in 2022. Those elections are dress rehearsals for the conduct of the 2023 general election. However, the road to 2023 is paved with uncertainties particularly around the Electoral Act Amendment Bill 2021.

The year ended with President Buhari's rejection of the Electoral Act Amendment Bill, on the grounds that there were attributes which could create confusion and uncertainty. The Electoral Amendment Act of 2021 is a revised version of the Electoral Act of 2010. The 2021 Act provides for the electronic transmission of results and the adoption of direct primaries by all political parties. The adoption of direct primaries, where parties run formal elections to declare their official candidates, has been the subject of heated debates in political sectors.

One key objective of this act is the purported significant reduction in electoral violence. It is important to note that the 2019 elections were marred by political violence, Violence perpetrated by soldiers, police officers, and political thugs. The election period included persistent attacks by factions of the insurgent group Boko Haram. in the North-East:- increased communal violence between nomadic herdsmen and farmers spreading Southward from North-Central states; a dramatic uptick in banditry, kidnapping and killings in the North-Western states of Kaduna, Katsina and Zamfara. Security forces have failed to respond effectively to threats to life and security.

In 2021, the rising security threats in every region - gang attacks in the North-West, a reinvigorated insurgency in the North-East, Fulani herdsmen, Boko Haram in the North-East, violent conflict between farmers and pastoralists across large swathes of Nigeria's "middle belt" and secessionists in the South-East agitation for an independent Biafra nation. The polity is highly unstable and it is evident in the number of Nigerians leaving the country in their droves and the increased number of multinational companies planning to pull out of the country because of sabotage, theft and insecurity. It is believed that with the passing of the Electoral Amendment Act, these streaks of violence would be addressed.

Political stability as we know is a catalyst for economic growth. This is why the National Assembly was applauded by Nigerians on their move to review the 1999 Constitution (as amended). This was viewed as a welcome development to address the huge gaps in the polity. A critical look at the root of violence in the various regions of the country would reveal dissenting elements that may be easily addressed with this amendment.

Another critical event in the political space was the conclusion of the judicial panels of inquiry into the reported violence from the EndSARS protests held in October 2020. The protest saw thousands of Nigerians take to the streets to speak up against police brutality. With the infiltration of the protests by hoodlums, lives and properties were destroyed. Following the protests, the National Economic Council (NEC) announced that judicial panels of inquiry should be set up in all States of the Country. The objective of this panel was to conduct investigations into the reported cases of brutality and human rights violations perpetrated by the Police and SARS. The report of the Panel delivered on November 15th, 2021 to the Lagos State Governor on December 2021, announced a total compensation of about NGN410.2 million to 70 petitioners. While the process has been concluded in Lagos, the President awaits the steps taken by other Governors, prior to acting on the reports of its judicial panels of inquiry. These reports and the actions of the Presidency would determine the tone of the political environment in 2022; a year that precedes the election year.

THE OIL AND GAS INDUSTRY 2021 A GLOBAL PERSPECTIVE

2020 saw the largest ever global drop in energy and oil demand; while 2021 witnessed a significant rebound as vaccines were rolled out, lockdowns were eased, mobility increased, economies further opened up and fiscal and infrastructure packages were implemented. Brent's 2021 annual average of $71/b was the highest in three years. The price of West Texas Intermediate (WTI) crude oil traced a similar pattern to Brent and averaged $3/b less than Brent in 2021. Global petroleum production increased slower than demand, driving prices higher. The slower increase in production was mostly attributable to OPEC+ crude oil production cuts that started in late 2020. OPEC and other countries, such as Russia, which coordinate production with OPEC (referred to as OPEC+) announced in December 2020 that they would continue to limit production increases throughout 2021 to support higher crude oil prices.
World oil demand rose by 5.5 million b/d in 2021 and by 3.3 million b/d in 2022, the International Energy Agency (IEA) said, surpassing its pre-pandemic levels by 200,000 b/d to 99.7 million b/d. During the fourth quarter of 2021, a report from the IEA revealed that global demand defied expectations rising by 1.1 million b/d to 99 million b/d, an upward revision of 345,000 b/d compared to its previous report.

A critical event whose impact rocked the global oil and gas industry is the rivalry between the United Arab Emirates (UAE) and Saudi Arabia. The conflict between Saudi Arabia and UAE was centered around a preliminary understanding to grant the UAE a new production baseline of 3.65 million barrels per day from May 2022. Early in the year, OPEC and its allies led by Russia, fell apart over a dispute that pivoted on individual quotas for pumping crude. Saudi Arabia and Russia, amid several bitter spats, have used OPEC+ to manage oil pricing and regulate production to the benefit of their economies. The UAE has long been seething that it had not been properly consulted and that its concerns are not reflected in production limits. Indeed, while many other oil-producing countries seek to manage pricing on the long run, the UAE wants to monetize its natural resources as quickly as possible to help drive the transition away from a petroleum-based economy.

Recall that in April 2020, the OPEC+ countries limited their oil production and supply. There was a fall in demand due to the COVID-19 pandemic and subsequently followed by reduced economic activities and worldwide lockdown. Over 10 million bpd oil supply was terminated to maintain the demand-supply proportion. At the 19th OPEC and non-OPEC Ministerial Meeting held on the 18th of July 2021, the countries resolved to increase oil production as economies seemed to recover. The deal increased the oil production for five OPEC+ countries: the UAE, Kuwait, Iraq, Russia and Saudi Arabia. Furthermore, the deal allowed 0.4 million bpd (barrel/day) of output to be increased each month starting from August 2021 with a projection of about 2% of the world's oil supply by the end of 2021. The deal was timely as the oil industry activities were not working at total capacity in the OPEC+ countries.

A DOMESTIC PERSPECTIVE

2021 was indeed an eventful year for the Nigerian Oil and Gas industry. From the enactment of the Petroleum Industry Act (PIA), to the divestment of multinational assets amongst others, the industry still maintained its position as the major revenue generating sector for the economy with oil prices at its highest in six years. Despite the enormous negative impact of the lingering Covid-19 pandemic, uncertainty in the outlook of fossil, energy transition agenda, Nigeria ramped up its efforts to draw the all-important foreign and local investment into the oil and gas sector.

The long-debated Petroleum Industry Bill (PIB) was finally passed by the National Assembly in July 2021 and assented into law as the Petroleum Industry Act, 2021 (PIA) by the President on the 16th of August, 2021. For many years, the Federal Government of Nigeria (the "FGN") sought to overhaul the Industry by introducing a new legal, regulatory and fiscal regime. The PIA establishes a new legal, governance, administrative, host community development and fiscal framework for the Nigerian petroleum industry. Taking into consideration the over a decade journey to pass this legislation, this enactment has been applauded as a major milestone in the reform of the Nigerian oil and gas industry.

Some of the key changes with the PIA include:

- The introduction of two regulators, one (the Commission) for the upstream and the other (the Authority) for the midstream and downstream.

- The incorporation of NNPC into a limited liability company to enable it operate as an independent commercial entity.

- The option for licensees and lessees to voluntarily convert to the PIA terms, or remain under the terms prior to PIA until license/lease expires.

- The introduction of a new acreage management system

- The provisions for host community development, including the requirement for licensees and lessees to set up host communities trust in their areas of operation.

- The introduction of a dual tax system (Hydrocarbon tax and Company Income Tax) in place of the single tax system of Petroleum Profit Tax and the production and price-based royalty to replace terrain-based royalty system.

Consequently, the President inaugurated the PIA Implementation Steering Committee headed by the Minister of State, for Petroleum Resources, Timipre Sylva to guide the effective and timely implementation of the PIA. I believe that the enactment of the Petroleum Industry Act. 2021 will position the country to maximize the use of its hydrocarbon resources.

Another significant event in 2021 worth highlighting was the conclusion of the bid round for 57 marginal oilfields, the first in close to two decades. Recall that in the 1990s, the Federal Government of Nigeria took steps to develop Nigerian marginal fields and mandated the transfer of the fields by the International Oil Companies (IOCs) to other companies interested in acquiring them. This was to promote the participation of indigenous players in upstream activities. Although this objective was achieved, it did not address the more significant objectives of developing the fields and boosting production. It was on the back of this failure that the Federal Government in June 2021 commenced the bid round for the fields which led to about 161 companies emerging as winners. This was further driven by the IOCs who reiterated their decision in consolidating their offshore capacity and relinquishing the onshore assets to indigenous players.

The expectations of the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) which replaced the defunct Department of Petroleum Resources (DPR) was to rake in $500 million as signature bonuses for the Federal Government and deepen the participation of indigenous operators in the upstream segment of the industry. This decision was predicted to generate about $7 billion (N3 trillion) to Nigeria's economy from the development of the marginal fields. At over $70 a barrel, the country seeks a production volume of 100 million barrels from marginal fields licenses to drive earnings peak at $7 billion, if the oil rally is sustained and production commences. According to the President of the Federal Republic of Nigeria, the decision to conduct the marginal oilfield bid was borne from the Country's need to quickly harness its crude oil resources before it loses its value. This decision was made despite the global push to transition into cleaner energy. It is important to underline that while Government is not averse to energy transition, the country also has the responsibility to utilize its natural resources to grow its economy and develop its infrastructure, rather than abandon the huge oil and gas reserves in the ground hence the award.

Furthermore, there are also legitimate concerns about the preparedness of the indigenous firms to take over these assets amid lingering challenges. Legal battles, decommissioning worth billions of dollars, weak infrastructure, existing battles on general clean-up and compensation for oil and gas producing communities; top challenges that may make or mar most indigenous companies apart from the existing issues of vandalism and theft. Despite these legitimate concerns, the upside is the expansion of the scope of local content development through technology transfer and skills acquisition, attendant job creation during the field development stage and the multiplier effect in the host communities in terms of allied economic activities.

Speaking of investing in local content, the Nigerian National Petroleum Company (NNPC) Limited in its report on the funding performance of the oil firm purported that it spent NGN100bn on the rehabilitation of refineries' in 2021; these funds were pumped into the revamping of the facilities. The facilities under the NNPC's management include the Port Harcourt Refining Company (PHRC), Kaduna Refining Production Company (KRPC) and the Warri Refining Production Company (WRPC). These refineries have a combined installed capacity of 445,000 barrels of oil per day. However, despite having four refineries, Nigeria imports its refined petroleum products. As a result, the country spends the scarce foreign exchange (forex) to ensure there is no scarcity of petroleum products.

In order to address this anomaly and boost Nigeria's local capacity, the Nigerian National Petroleum Company

(NNPC) Limited signed a $1.5 billion contract for the rehabilitation of the Port Harcourt Refinery. The completion timeline was set at between 18 and 44 months under a three-phase arrangement. In the same vein, rehabilitation of the Warri and Kaduna refineries were awarded at a total sum of $1.5 billion, broken down into $897.67 million for Warri Refinery and $586.9 million for Kaduna Refinery. The completion and roll out of these refineries will go a long way in addressing foreign exchange inconsistencies and boost the economy through the creation of job opportunities.

Another area worthy of note in 2021, is the rise of gas. Nigeria began to take on gas as a critical resource and announced the increase of the country's proven reserve by over 3 trillion Standard Cubit Feet (TCF). According to the defunct Department of Petroleum Resources (DPR), Nigeria has over 206.53 trillion cubic feet (TCF) of proven gas reserve, making her one of the top six countries in the world with the largest gas reserves. Known globally for its crude oil export, Nigeria's gas reserves had been left largely untapped. Following a relatively successful "Year of Gas" as announced by the Federal Government in 2020, advertised the program the 'Decade of Gas, to position the Country as a major producer and exporter. In order to maximize the use of its gas resources, the Federal Government declared 2021 to 2030 as Nigeria's 'Decade of Gas'. In an announcement that coincided with the Final Investment Decision (FID) on the Train 7 project by the NLNG (Nigeria Liquefied Natural Gas Ltd). This ambitious plan was to power the Nigerian economy completely by gas by the year 2030; the intent was to reduce waste and promote the monetization of natural gas. According to President Mohammed Buhari, gas has the potential to diversify and uplift the economy, given the country's potential of about 600trillion cubic feet of gas and the rising global demand for cleaner energy sources. Therefore, the major objective for the gas sector is to transform Nigeria into an industrialized nation with gas playing a major role and this will be demonstrated through enhanced accelerated gas revolution.

Therefore, 2022 is set to be an eventful year for the Oil and Gas industry taking into account all the activities from 2021.

THE COMPANY

Ladies and gentlemen, MRS Oil Nigeria Plc (MRS) is a completely integrated and competent downstream player, with various leading positions in the Nigerian Oil industry. As a major player in the indigenous petroleum product marketing industry as well as a first-choice manufacturer of superior lubricating oils and greases, the distribution channels dedicated specifically to the sales of petroleum products are efficiently spread across indigenous retail outlets within the Nigerian market. MRS boasts of a brand that serves as the foundation of all engagements; both now and in the future. We believe in operational excellence targeted at resource optimization for the sake of guaranteeing the highest quality energy products and related services on which the MRS clientele; locally and across the globe, can sustainably rely upon.

Health Safety and Environment (HSE)

MRS Oil Nigeria Plc has a robust Health, Safety and Environment (HSE) Policy, which is in line with applicable standards in Occupational Health and Safety (OHS). The Company is committed to adopting and implementing other global best practices in Health, Safety and Environment (HSE) at its office locations across the country; it ensures that all employees, contractors and visitors at the various office locations are protected from occupational health related incidents. It also promotes the overall wellbeing of the employees and periodically assesses the HSE risks inherent in its operations and work locations. As a Company, MRS remains committed to the protection of its workers from occupational health related incidents and the promotion of the overall wellbeing of its employees. In 2020, the world was awakened to a novel and infectious disease, Corona Virus; the disease, spread around the world and affected businesses. The Company, in compliance with various government's directives aimed at reducing the spread and exposure rate, restricted all non-essential workers to work from home. Also, the offices were rearranged to accommodate a maximum of 50% of its initial employee capacity.

Other COVID-19 prevention protocol deployed by the Company include:

- The mandatory use of nose masks for all persons accessing Company facilities.
- Routine temperature checks were conducted before visitors were allowed into facilities.
- Virtual meetings became the norm as physical meetings were prohibited.
- A broad-based continuous COVID-19 health awareness program, was sustained for all employees.

The Company is consistently poised to achieve operational excellence through robust safety culture and leadership that complies with relevant local and international standards and regulations. The recent growth in the business enabled the Company to scale up its HSE management strategies, thereby placing emphasis on the establishment of a unified operational strategy for risk assessment, incident prevention and the management of change procedures for the protection of employees, customers and interested parties

FINANCIAL RESULTS

The business performance slowed down in the third quarter of 2021. The activities of the previous two quarters were encouraging; the decline in the volume in Q3 was a significant impact on the business in the quarter. Through the months of July, August and September, the total sales revenue achieved was NGN 16.481 billion. This was the lowest revenue since Q1 2021 when revenue was NGN 17.349 billion. In YTD September, the revenue of NGN 53 billion recorded in 2021 surpassed the revenue recorded for the entire year in 2020. The total revenue in 2020 was, NGN 41.349 billion compared to the year under review, with a turnover of NGN71.976 billion. For 2022, an ambitious plan was designed to achieve a target revenue of NGN89.070 billion, with an estimated gross margin of NGN5.657 billion and an aggregate expenditure of NGN5.27 billion, resulting in a net PBT of NGN 383.06million. The strategy is to achieve the above plan, by focusing on positioning the company to take advantage of upcoming opportunities. MRS will continue to retain its esteemed customers through the renovation of the retail outlets and the acquisition of additional retail outlets, through the Retail Owned Retail Operated (RORO) model.

The retail outlets have been evaluated through the renovations and the volume performance and the business has continued to double its output, to meet the retail development objectives and costs. The Petroleum Industry Act, will mark a turning point in the country's history. Stakeholders are hopeful that the new act will overhaul the Oil and Gas Industry, improve transparency and regulatory efficiencies. However, rising insecurities and the constant depreciation of the Naira, will continue to obstruct the country's development and by extension, the business plan.

2022 OUTLOOK IN THE GLOBAL MARKET

Two years on, the global economy continues to take surprising turns through varied channels such as public health, work, education, travel, consumer spending patterns, production of goods and services and international trade views. Just as regions were rebounding from the Delta variant, the Omicron variant emerged, sending global COVID-19 infection rates to a new high. Global growth is projected to slow down to 4.2% in 2022, slightly below the 2021 forecast, owing to weaker performances in Western Europe, North American, China and Japan. Worldwide inflation will likely remain near 5.0% early in 2022 and gradually ease in response to declines in industrial and agricultural commodity prices. Labor shortages will also contribute to the rise in inflation. In the United States, labor force participation remains below pre-pandemic levels and job vacancy rates have risen to record highs.

IMPACT OF THE PANDEMIC ON THE OIL AND GAS INDUSTRY

The COVID-19 pandemic is projected to cost the global oil market approximately 2.9 million barrels per day (bpd), of the demand in the first quarter of 2022. The emergence of the new COVID-19 variants could prolong the pandemic and induce renewed economic disruptions. Furthermore, supply chain disruptions, energy price volatility and localized wage pressures mean uncertainty around inflation and high policy paths. As advanced economies lift policy rates, risks to financial stability and emerging market and developing economies' capital flows, currencies, and fiscal positions especially with debt levels having increased significantly in the past two years. Other global risks may crystallize as geopolitical tensions remain high; the ongoing climate emergency means that the probability of major natural disasters remains elevated.

Rising energy prices and supply disruptions would result in higher and more broad-based inflation than anticipated, notably in the United States and many emerging markets and developing economies. The ongoing retrenchment of China's real estate sector and slower-than-expected recovery of private consumption have also limited growth prospects. Global growth is expected to moderate from 5.9 in 2021 to 4.4% percent in 2022 half a percentage point lower for 2022 than in the October World Economic Outlook (WEO), largely reflecting forecast markdowns in the two largest economies.

With the pandemic continuing to maintain its grip, the emphasis on an effective global health strategy is more salient than ever. Worldwide access to vaccines, tests and treatments are essential to reduce the risk of further dangerous and anticipated COVID-19 variants. This requires increased production of supplies, as well as better in-country delivery systems and fairer international distribution. Monetary policy in many countries will need to continue on a tightening path to curb inflation pressures, while fiscal policy—operating with more limited space than earlier in the pandemic—will need to prioritize health and social spending and focus support on the worst affected. In this context, international cooperation will be essential to preserve access to liquidity and expedite orderly debt restructurings where needed. Investing in climate policies remains imperative to reduce the risk of catastrophic climate change.

Despite the challenges faced in 2021, the International Monetary Fund (IMF) projects the global GDP to expand by 4.9% in 2022. Advanced Economies are expected to grow by 5.2% in 2021 and 4.5% in 2022. The IMF forecasts the Euro Area to expand by 5.0% in 2021 and 4.3% in 2022, while the Sub-Saharan Africa region's recovery is expected to lag behind other regions, growing by 3.7% and 3.8% in 2021 and 2022, respectively.

IMPACT OF RUSSIA UKRAINE WAR ON THE OIL AND GAS INDUSTRY

The Russia-Ukraine war has set back the global response to and the recovery from the COVID-19 pandemic. Prior to the war, the world was focused on reversing the health and economic challenges caused by the pandemic. The war has already added immediate global adverse impact, especially through commodity markets. Several major economies in Europe are dependent on Russia for natural gas and oil and they will also continue to be adversely affected.

The war is triggering global ripple effects through multiple channels which include commodity markets, trade, financial flows, displaced people, and market confidence. In the surrounding region, a large wave of refugees will put pressure on basic services. The damage to Russia's economy will weigh on remittance flows to many neighboring countries. Disruptions to regional supply chains and financial networks, as well as heightened investor risk perceptions, will weaken regional growth.

The war in Ukraine is causing an enormous humanitarian crisis; more than 12 million people are estimated to have been displaced and more than 13 million need urgent humanitarian assistance. The trauma suffered by the population will have enduring consequences.

Price increase have been large for commodities where Russia and Ukraine are key exporters. Since the beginning of the war, coal prices have jumped by 60% percent, European natural gas by more than 30%, and wheat prices by around 40%. Brent crude oil prices reached a 10-year-high of $130 per barrel at the beginning of March as the UK and US banned Russian oil imports; however, prices later fell close to $110 per barrel. Prices have been extremely volatile, with very large intraday moves. Sanctions on financial intermediaries have also made it costlier to settle transactions involving Russian oil.

The strict economic sanctions placed by the United States, the United Kingdom and others on Russia and her citizen's investments outside the shores of Russia has a ripple effect on the economies of Nigeria and Africa. Though the global oil prices surged as a result of the sanctions placed on Russia (the second-largest oil-producing country in the world), had placed Nigeria at an advantage as demand for its crude oil rises.

Notwithstanding this lead, there are pointers which show strong indications that the inherent distortions in the Nigerian economy might eventually worsen and topple the already fragile economic condition. This could be a blessing in disguise.

IN NIGERIA

For the oil and gas industry, 2022 is set to be a defining year for so many reasons. This is consequent upon the lingering issues carried over from 2021. The 2022 budget set the oil price benchmark at US$62 per barrel, but oil prices have been steady near their seven-year high in recent times on the back of the expectations of supply disruptions. The predictions from reputed economic bodies reveal that Gross Domestic Product [GDP] growth would remain fragile and the projection at 2.5% threshold, giving us a glimmer of hope.

Ladies and Gentlemen, the prediction for 2022 is largely positive, however the way forward necessitates the following strict reforms:

1. Address the long-debated deregulation and fuel subsidy removal proposal. Although the removal of the subsidy would generally trigger an increase in Nigeria's GDP, it could also have a detrimental impact on the household income and on poor households in particular. This subject matter is highly contentious; while the burden of fuel subsidy has continued to put a strain on the national economy. It is therefore imperative that Government engages industry experts, labor unions, civil society organizations and other relevant stakeholders and ensure that all interests are duly represented prior to decision making.

2. Coordinate efforts to improve the policy environment and address issues of insecurity to boost domestic investment and attract foreign direct investments.

3. Explore avenues to diversify export revenue sources away from crude oil, which currently accounts for more than 80% of the total foreign exchange receipt.

4. Prioritizing the implementation of the Electoral Amendment Bill as a tool to the creation of a better electoral environment, critical for political stability and economic growth.

5. Design policies that create an enabling environment for human capital development. Brain drain should not be an issue in 2022 if Government makes the required investment in the educational sector. In revamping the educational sector, special attention must be paid to the creation of an enabling environment for the small and medium scale enterprises.

2022 ECONOMIC INDICATORS AND RISKS IN NIGERIA

According to the World Bank, the Nigerian economy is expected to grow by 2.5% in 2022, up from an estimated 2.4% growth in 2021. It cited the rebound to higher oil prices as well as accelerated growth in telecommunication and financial services. In 2022, the average global oil price may exceed the budgeted benchmark of sixty-two dollars ($62) per barrel, offering some fiscal headroom. This recovery is expected to impact on the foreign reserve and strengthen the capacity of the Central Bank of Nigeria (CBN) to support the foreign exchange market. The activation of the Petroleum Industry Act (PIA) in 2021 is expected to positively impact on the economic outlook. MRS is positioned to see positive outcomes as investor sentiments in the oil and gas sector improve on account of the reforms anchored on the Petroleum Industry Act (PIA). This is however dependent on the political will to drive the implementation of the provisions of the Act. With respect to the downstream sector, a positive outlook is highly anticipated with the commencement of operations by the Dangote Refinery.

Apart from the oil and gas sector, it is projected that some other sectors will perform exceptionally well despite the identified risks. According to them, Agriculture will grow between 2.2% and 2.6% in 2022, driven mainly by the Federal Government and the Central Bank of Nigeria's (CBN) programs, to raise domestic agricultural production of grains and livestock. The Information and Communication (ICT) sector is expected to grow between 12% and 13.5% in 2022, driven mainly by a rise in data usage occasioned by the steady pivot to remote and hybrid work by companies.

The financial services sector could rise by at least 15.2% and probably settle at 18.3% by the end of 2022. The growth of the healthcare sector in 2022 would be between 5.2% and 5.7%, pushed mainly by heavier public expenditure and more significant private spending. The entertainment and hospitality sectors are predicted to grow between 4.5% and 5.6% in 2022 if COVID-19 problems are managed and air travel and hospitality businesses are undisrupted.

Despite the positive outlook, there exists several risk factors to be properly addressed in 2022. The hydra-headed monster of insecurity all over the country remains a significant risk to the economy and its impact on all sectors particularly the Agricultural sector, will be profound. There are also concerns about the effect of the negative perception of Nigeria as an investment destination and implications for Nigeria's risk rating.

Furthermore, monetary and foreign exchange policy rigidities may also pose a risk to the growth outlook in 2022 as there are no indications of any significant shift in monetary and foreign exchange policy stance in the near term. This year precedes the election year and it is anticipated that, there will be intense electioneering activities which may give rise to serious distractions for political office holders at all levels, as they navigate and struggle to retain power. This will have an adverse impact on the economy and the investment environment, as considerable attention and resources are committed to the electioneering activities in 2022.

CONCLUSION

In conclusion, the year under review remains challenging particularly because of the various macroeconomic factors that eluded the business control. MRS however achieved many milestones in all areas of its business.

On this note, I would like to thank the board for their support, all the employees for their passion and commitment; the customers for their loyalty, and the Shareholders for their on-going support and confidence in MRS Oil Nigeria Plc.

Once more, thank you all and I wish you all fruitful deliberations in the course of this meeting

PATRICE ALBERTI
Chairman

MANAGING DIRECTOR'S REPORT

INTRODUCTION

Distinguished Shareholders, I welcome you to the 53rd edition of MRS Oil Nigeria Plc's Annual General Meeting (AGM).

It is my honour and pleasure to present the 2021, Annual Report and Accounts to you. I express my deep appreciation to the Chairman of the Board of Directors Mr. Patrice Alberti, the Board Members, Shareholders, Management Staff and employees for their unwavering commitment, diligence and much needed support in 2021.

The state of preparedness of the Company was strengthened, in readiness for the anticipated recovery of global economies by designing a strategic roadmap that would accomplish a 113% growth over the 2020 forecast. We were confident in MRS's ability to deliver based on its decisions to leverage on key strategic alliances for a better and enhanced competitive advantage.

2021 saw the global rollout of vaccines and the advent of new variants of the COVID-19 virus as the local economy struggled to recover. While steadfast, global efforts went on to contain the pandemic; at MRS varying measures targeted at the overall safety of members of staff which include captivating campaigns for staff vaccination and the strong advocacy for strict compliance to COVID-19 non-pharmaceutical interventions were introduced. To further ensure a safe environment for the stakeholders, a tactical review of the operational risks, which helped in the strategic deployment of the requisite infrastructure and systems to forestall potential incidents were considered. Consequently, the operating risk capabilities were upgraded to include the following:

- Risk Assessment: The intentional efforts on safety standards by the incorporation of risk assessment exercises. These include the rigorous efforts, which provides a better understanding of the risk exposures across sites and the improvement of the execution process through the effective allocation of resources to high-risk areas.
- Management of Change: This provides for the reduction of change complexity in the structures and operations through the adoption of best practices for initiation, evaluation, approval and the startup of the change management process.
- Incident Management: This is designed to include capturing, tracking, investigation, reporting and the analyses of incidents and near-miss events; thus bringing to the barest minimum operational risks, improvement on safety performances and sustained learning.
- Quality Risk: This risk encapsulate a knowledge-driven, data-centric quality specifications and control plans that are consistent and in line with global practices to effectively assist the Company, conduct proactive risk assessment methodologies such as Job Safety Analysis, HAZOP, HAZID, Root Cause Analysis, Safety Observation Cards, Safety Case Development and regular Environment Management Review.
- ISO 9001: 2015 QMS Certified: In a bid to further validate MRS's commitment to quality and total customer satisfaction, the framework for the implementation of ISO 9001:2015 Quality Management System which is the internationally recognized standard for quality, was adopted.
- Leadership and Engagement: This strategy was developed to engage employees on safety practices. First, a vision of excellent engagement was created as well as beliefs, perceptions and values, which ideally reinforce employee engagement. Second, the continuous involvement of employees in the process of designing the safety efforts for the organization was developed. This has significant benefit as employees at all levels took ownership of safety efforts and actively participated in meaningful safety activities.

Consequently, in order to create and strengthen the MRS safety culture, Management initiated and designed laudable plans to guide safety activities in 2022. MRS is committed to sustaining the Health and Safety successes of 2022 and beyond through the continuous improvement of the Company's Health and Safety standards, thereby ensuring an incident-free operation in all Company business entities. The safety culture program is set up but not limited to the following as MRS progressively strives to improve:

- Conduct of periodic training sessions to keep employees in the Aviation team abreast of key aviation safety and quality requirements; the improvement of the safety culture and compliance with the International Air Transport Association (IATA) and Joint Inspection Group (JIG) guidelines.
- Compliance to safety and retail operational procedures across retail outlets nationwide was reviewed.
- The equipment of the Retail Sales and Operations team with requisite skills for safety in aspects of the retail business.
- The coverage of key aspects of JIG HSEMS and IATA training requirements for safety and quality in fuel handling and into plane fueling operations.
- A periodic self-appraisal Aviation airline audit to ensure depots, the Nigerian Civil Aviation Authority (NCAA), IATA, Federal Airports Authority of Nigeria (FAAN) and Joint Inspection Group (JIG).

- Upgrade of truck haulage to meet the required safety standard(s) issued by the Federal Road Safety Corps (FRSC), Department of Petroleum Resources (DPR) and the Lagos State Government.
- The effective operation of warehouses and terminals with due regard to safety and regulatory compliance.
- Update of safety marshals on their roles during an emergency.
- Test for the reliability of the firefighting equipment and the adequacy of the emergency response plan at different locations.
- Continuous training on safe driving requirements for drivers, aimed at zero road crashes.
- Commemorate and dedicate a week for Safety and Health at Work, creating awareness and reawakening employee consciousness to occupational Health and Safety issues.

While intensifying the safety efforts, the role of technology cannot be overlooked. At MRS, there is a commitment to the provision of stable and up-to-date technology infrastructure designed to drive and improve the quality of work delivery, increased productivity as well as provide adequate security measures.

With the rise of the pandemic, the Company embraced the following technological options to ensure safety and boost workplace productivity:

1 The adoption of Microsoft Teams for online meetings helped the Company to minimize the time spent on physical meetings. This reduced physical contacts during the initial wave of COVID-19, without compromising productivity.

2 A centralized Storage Area Network (SAN) was adopted for safe storage and backup of files and the allocation of home folders for employees to store files on the network drive, resulting in faster servers, improved scalability and increased data security. The execution of an Antivirus Upgrade to safeguard the cyber environment and emerging threats.

Centralized phone systems for users within the organization but in different regions at no extra costs. To remain relevant in 2022, MRS must continue to improve on its Information Technology infrastructure. The technological roadmap for the Company in 2022 include the following:

- Organizational Network Access Control for network policy enforcement; this prevents unauthorized access from external entities or devices and provides a safe work environment in the organization; the reduction of possible threats by the continuous interface with connected devices over the network.
- The implementation of Cyber security policies and network penetration testing, to validate the security posture.
- Revamp the existing network infrastructure; implement wireless controller architecture to unify all wireless access points within the Company premises for central management and more effective control.

OUR COMPANY

The slogan 'Strength of the Stallion' is an embodiment of 'who we are' and 'what we do'. In 2021, the Company's commitment to agility, flexibility and adaptability in the face of uncertainties was reinforced.

Who Are We

MRS Oil Nigeria Plc - a fully integrated and efficient downstream player with leading positions in the Nigeria Oil and Gas Industry. The supplier of choice to its esteemed customers, thus strengthening the commitment of product reliability and excellence in service offerings.

The organization focuses on improving its operating efficiencies in the downstream sector and boasts of its excellent record of accomplishment and in-depth knowledge of the Nigeria downstream sector.

What we Do

We are one of the largest and leading marketers of refined products, including quality gasoline, marine and aviation fuels in the downstream industry in Nigeria. The Company's proprietary blending formula and its research and development facilities give room to the supply of premium quality products, to customers nation-wide.

2020 FISCAL YEAR REVIEW THE MARKETING OPERATIONS REVIEW

As part of the Company's strategic program to maximize the wealth of Shareholders in 2021, the capital expenditure included the sum of NGN1.009 billion; NGN284 million was spent on major construction projects, NGN564 million was spent on plant and machinery; NGN27.9 million was spent on the acquisition of computer equipment's, NGN8 million on furniture and fittings, and NGN124.8 million on other capital work in progress.

SALES REVIEW

In 2021, sales performance saw a significant growth in most of the product lines when compared with 2020 sales results. This growth is attributed to Management's dexterity in reclaiming its market share particularly with the gradual re-opening of the economy, following the massive loss occasioned by COVID-19 in 2020.

Sales analysis by products				
	Year			
Products	2021 NGN'0000	2020 NGN'0000	Absolute Variance	% Variance
Premium Motor Spirit (PMS)	60,202,519	31,674,841	28,527,678	90%
Aviation Turbine Kerosene (ATK)	3,009,964	2,265,465	744,499	33%
Automotive Gas Oil (AGO)	4,990,710	4,008,886	981,824	24%
Lubricants and Greases	3,625,831	3,806.506	(180,675)	(5)%
Dual Purpose Kerosene (DPK)	0	9,421	(9,421)	(100)%
Liquefied Petroleum Gas (LPG)	147,231	216,300	(69,089)	(32)%
Total	**71,976,255**	**41,981,439**	**29,994,816**	

Premium Motor Spirit (PMS)
PMS recorded revenue of NGN60.2 billion from sales in 2021, in contrast to NGN31.7 billion in 2020. This accounted for the sharp increase of 90% estimated at NGN28.5 billion.

Aviation Turbine Kerosene (ATK)
Revenue from business sales in ATK significantly increased to NGN3.0 billion in 2021, from NGN2.3 billion in 2020. This reflected a 33% growth.

Automotive Gas Oil (AGO)
There was an increase in revenue from the AGO business by approximately NGN981.8 million, which translates to 24% as against the performance of 2020.

Lubricant and Greases
The 2021 revenue from Lubricant and Greases recorded a decrease of 5% or NGN180 million (at conversion) when contrasted with the 2020 revenue benchmark.

Dual Purpose Kerosene
No revenue was recorded from DPK in 2021 compared to NGN9.4 million recorded in 2021. Due to change in market dynamics this product will be removed from our portfolio as the Company develops alternative energy solutions in LPG and LNG.

FINANCIAL REVIEW

Analysis of Product Revenue to Total Revenue				
	Revenue		RATIOS (%)	
Product	2021 NGN'0000	2020 NGN'0000	2021	2020
Premium Motor Spirit (PMS)	60,202,519	31,674,841	83.64	75.45%
Aviation Turbine Kerosene (ATK)	3,009,964	2,265,465	4.18	5.40%
Automotive Gas Oil (AGO)	4,008,886	4.998,886	6.93	9.55%
Lubricants and Greases	3,625,831	3,806,506	5.04	9.07%
Dual Purpose Kerosene (DPK)	0	9,421	-	0.02%
Liquefied Petroleum Gas (LPG)	147,231	216,320	0.00%	0.52%
Total	**71,976,255**	**41,981,439**		

Gross Profit Ratio Analysis				
Product	2021 NGN'0000	2020 NGN'0000	Absolute Variance	% Variance
Revenue	71,976,255	41,981,439	29,994,816	71%
Cost of Sales	66,831,653	38,523,436	28,308,217	73%
Gross Profit	5,144,602	3,458,003	1,686,599	49%
Gross Profit Ratio	**7.15%**	**8.24%**		

The gross profit ratio reflects Management's determination to achieve its annual revenue through the delivery of a large volume of each unit of product to the customers, at an optimal cost of sales. In other words, the table reflects the gross profit per every naira of sale. From the analysis above, the Company made approximately 7kobo per naira sale in 2021 as against 8kobo in 2020 showing a significant decrease. The decrease was occasioned by the weighty increase in the cost of sales of Premium Motor Spirit.

OPERATING PROFIT/(LOSS) ANALYSIS				
Product	2021 NGN'0000	2020 NGN'0000	Absolute Variance	% Variance
Gross Profit	5,144,602	3,458,003	1,686,599	49
Other Income	1,379,496	521,520	857,976	165
Selling And Distribution Expenses	(1,523,132)	-1,025,540	(497,592)	49
Administrative Expenses	(4,656,466)	-4,993,907	337,442	(7)
Impairment writeback/(Loss) on financial assets	323,580	468,588.00	(145,008)	(31)
Operating Profit/(Loss)	**668,080**	**-1,571,336**	**2,239,416**	**224%**

There was a sharp increase in the Company's operating profit in 2021. This rebound was significant as a profit of NGN668 million recorded in 2021 was recorded against a loss of NGN-1.57 billion in 2020, which accounted for a 335% variance. The major factors responsible for the increase in operating profit are:

1. The Company has reinforced commitment to efficiency, agility and cost reduction methods.
2. The rollout of strategic campaigns, led to the deployment of retail outlets across the nation.
3. The upgrade of the storage facilities at the Fuels Terminal, the Lube Plant and Company Owned Retail Outlets.
4. Investment in the state-of-the-art laboratory and network of warehouses across the country.
5. The production of high-quality lubricants covering all product grades.
6. Upgrade in the technology geared towards improved transparency, visibility and access to real time information
7. The continuous training and motivation of a competent workforce.
   However, amidst the growth recorded with most of the product lines, no revenue was generated from the DPK Unit.

PROFIT/(LOSS)FOR THE YEAR ANALYSIS				
Product	2021 NGN'0000	2020 NGN'0000	Absolute Variance	% Variance
Operating Loss	668,080	-1,571,337	2,239,417	(143%)
Finance Income	33,278	8,879	24,399	275%
Finance Cost	(376,333)	(1,089,611)	713,278	(65%)
Income Tax Credit	14,848	387,924	(373,076)	(65%)
Profit/(Loss) For The Year	**339,873**	**-2,264,145**	**2,604,018**	**(29%)**

Despite the challenges in 2021, it is my utmost pleasure to announce to you that the Company recorded a profit for the year. Economic analysts predicted a positive turn in the economy, which heightened the Company's motivation to regain the market share and boost revenue. However, in Nigeria, there are ongoing challenges of exchange rate depreciation, despite the increase in CBN's FX interventions, the battle with inflationary increase, macro-economic instability, policy inconsistency, (eg PIA ratification and re-introduction /extension of a subsidy regime till June 2023, insecurity among some critical issues that occasioned the harsh business environment for Nigerian businesses.

Notwithstanding the myriad of issues, the following accounted for MRS's success:

1. Commitment to retail outlet renovations and optimization.
2. Customer Service excellence, pump integrity, quality and competitive products to remain key selling points.
3. Competitive pricing of MRS products.
4. Aggressive collection of receivables to improve cash flow.
5. Continuous training and employee motivation.
6. Optimal and timely allocation of resources to business opportunities.
7. ISO/SON certification.
8. Brand Visibility.

It is noteworthy to state that these performances are a stepping-stone geared to improve the business performance in 2022.

FORWARD LOOKING STATEMENT

Ladies and Gentlemen, with the gradual recovery of global economies and the rollout of vaccines to curb the COVID-19 pandemic, there are huge expectations for 2022. The Corporate objective is to achieve 556.87m litres sales volume, with a Profit After Tax of N383.05m (21.31% increase over 2021 forecast). For 2022, There is an ambitious business plan to achieve a target revenue of NGN89.070 billion, with an estimated gross margin of NGN5.657 billion and an aggregate operational expense of NGN5.27 billion, resulting in a Net Profit Before Tax of NGN 383.06million. To achieve the above plan, the Company would focus on the exploitation of opportunities as they emerge in the highly competitive market. MRS shall continue to retain its esteemed customers and acquire additional retail outlets through the Retail Owned Retail Operated (RORO) model. Furthermore, the Company shall continue with the renovation of the retail outlets nation-wide. Stakeholders should expect a ray of hope particularly with the implementation of the new Petroleum Industry Act. This will mark a turning point in the country's history, although, the rising insecurity and the Naira's constant depreciation may continue to obstruct the country's development and by extension affect the business plan.

Despite these identified challenges, I believe that exciting growth opportunities abound in 2022. This implies that MRS must continue to leverage on its established strengths, such as the wide spread presence across the nation, technological capability, competent and committed workforce in the bid to improve on the value proposition; maintain downward pressure on costs, and adapt quickly to both local and international dynamics in the market

CONCLUSION

In spite the substantial spillover consequences of the total global shutdown of economic activities in 2020 occasioned by the COVID-19 pandemic, MRS delivered solid results in 2021. This is a clear demonstration of the Company's resilience and unflinching dedication in the face of significant uncertainty. In 2022, Management will strive to improve on this performance and earnestly increase its focus on identifying additional business opportunities. This requires a swift disposition to identify and explore the markets within the existing products portfolio. As a Company, MRS will by this strategy, have low risk exposure prompted by minimal capital investment. Although considerable resources will be allocated to marketing activities which in return, will enhance the wealth-producing capacity of the product lines. I can say without a doubt that MRS possesses the technical knowledge, marketing skills and expertise required to optimize available opportunities.

I extend my heartfelt appreciation to our employees, customers, shareholders, and the board who have all played a critical role in ensuring that we stayed safe and in business despite the difficulties, the Company was faced with. Your unrelenting display towards commitment and passion in advancing the cause of the Company has been a source of strength and encouragement. I appreciate your time and audience and wish you fruitful deliberations in the course of this meeting.

MR. MARCO STORARI
MANAGING DIRECTOR
FRC/2013/IOD/00000003841

BOARD OF DIRECTORS

MR. PATRICE ALBERTI - Chairman

Mr. Alberti holds a Bachelor's Degree in Economics from the Paris Academy and has been with the MRS Group since 2004. He is currently the Group Vice Chairman of MRS Group of Companies and a Director on the Board of Corlay Global S.A.

Prior to joining MRS Group, he held a number of positions over a period of 20 years in various banks in Europe namely: BNP Paribas, Paribas, Banque Arabe Internationale D'Investitsment, Banco Central SA, to mention a few.

On 12th of July, 2017, Mr. Alberti was appointed as the Chairman of MRS Oil Nigeria Plc.

MR. MARCO STORARI - Managing Director

Mr. Storari is a seasoned leader with over three (3) decades of experience in shipping, trading and the management of terminal operations in the industry. He has held various high level positions where he recorded business successes from Companies in Italy, Monaco and Nigeria.

Until his appointment as Director and Managing Director, he was the Group Executive Director (Storage and Terminal) of MRS Holdings Limited. He has been a driving force in the transformation of the MRS Group over the last ten years.

On the 3rd of August, 2021, the Shareholders ratified the appointment of Mr. Marco Storari as Director and Managing Director of the Company.

MS. AMINA MAINA - Director

Ms. Maina holds a degree in Business Administration. She is currently the Group Executive Director (Supply & Trading) of MRS Holdings Limited and Executive Director of MRS Oil & Gas Company Limited.

Prior to joining the MRS Group, she was an Executive Director/Vice President of Energy Solutions Integrated Services Limited, Junior Crude Oil Trader at Aurora Energy Trading Limited, to mention a few.

She was appointed on the Board of the Company on November 6, 2013.

MR. MATTHEW AKINLADE - Independent Director

Mr. Akinlade (FCA) started his accounting career about 44 years ago. He is an experienced and seasoned professional of the accounting profession and has experience spanning the manufacturing and engineering industries.

He has served on the board of a number of listed companies such as Nampak Nigeria Plc, NCR Nigeria Plc, amongst others.

He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), a member of the Chartered Institute of Taxation of Nigeria (CITN) and a fellow of the Chartered Institute of Management Accountants (FCMA), U.K. He is also a member of the Institute of Directors.

Mr. Mathew Akinlade (FCA) was appointed as Director on April 27, 2017 and was re-designated to the board as Independent Director on October 26, 2017.

SIR SUNDAY NNAMDI NWOSU (KSS) - Director

Sir Nwosu, KSS, GCOA, F.IOD, is the founder and former National Coordinator of the Independent Shareholders Association of Nigeria (ISAN). He is a Fellow of the Institute of Directors, member of the Security and Exchange Commission, Rule/Legislation Committee and the current President of the Boys Brigade of Nigeria.

He has several years of private work experience and he is a major player in the Nigerian Capital Market. Sir Nwosu (KSS) is the Chairman of R. T Briscoe Plc and currently serves on the Board of Kajola Integrated Investments Plc, Obuchi Limited and Sunnaco Nigeria Limited. He is also on the committees of several listed companies in Nigeria.

Sir Nwosu (KSS) was appointed to the Board on April 27, 2017.

DR. AMOBI DANIEL NWOKAFOR Ph.D - Director

Dr. Nwokafor (FCA) is a seasoned professional accountant with over 31 years work experience in the accounting profession. Dr. Nwokafor (FCA) holds a B.Sc. from the University of Nigeria, Enugu Campus and Masters in Banking and Finance from the Delta State University, Abraka.

He is the managing partner of Amobi Nwokafor & Co and he is a member of the Institute of Directors, a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), a Fellow of Chartered Institute of Taxation of Nigeria (CITN) and a member of the Chartered Institute of Arbitrators (ACIArb), to mention a few.

He has several years of work experience in private practice and has worked in a number of insurance firms. He rose to the position of Assistant General Manager and Head of Finance and Accounts, in International Standard Insurers Limited, before he resigned to manage his auditing firm in 1998

Dr. Nwokafor (FCA) was appointed to the Board on April 27, 2017.

MRS. PRISCILLA OGWEMOH - Director

Mrs. Ogwemoh, is currently the Managing Partner of the law firm of Kevin Martin Ogwemoh Legal. She is a graduate of Law from Ahmadu Bello University and she holds a Master Degree in Law.

Mrs. Ogwemoh is a fellow of the Nigeria Institute of Chartered Arbitrators of Nigeria, a CEDR-UK Accredited Mediator, a Member of the Panel of Neutrals, Lagos Multi Door Court House (LMDC), a Member of the Panel of Neutral Lagos Court of Arbitration (LCA), a Council Member, Nigerian Bar Association-Section on Business Law (NBA-SBL), the Chairperson of the Chartered Institute of Arbitrators (Nigeria) Maritime Committee and until very recently the Managing Partner of Olisa Agbakoba Legal.

With over 28 years' experience in Legal Practice, Mrs. Ogwemoh serves on the board of a few Companies and she carries out multilevel tasks in branding, marketing, management and professional services.

Mrs. Ogwemoh was appointed to the Board on February 28, 2019.

DIRECTOR'S REPORT

For The Year Ended 31 December 2021

The Directors present their Annual Report on the state of affairs of the Company, together with the Audited Financial Statements for the year ended 31 December 2021

Incorporation and Legal Status of the Company

The Company was incorporated as a privately owned Company in 1969 and was converted to a Public Limited Liability Company quoted on the Nigerian Exchange Limited (formerly known as Nigerian Stock Exchange) in 1978, as a result of the 1977 Nigerian Enterprises Promotions Decree. The Company is domiciled in Nigeria and its shares are listed on the Nigerian Exchange Limited (NGX).

The marketing of products in Nigeria commenced in 1913 under the Texaco brand, when the products were distributed exclusively by CFAO, a French Multinational Retail Company. In 1964, Texaco Africa Limited started the direct marketing of Texaco products; selling through service stations and kiosks acquired from the said multinational retail Company, on lease terms. It also entered into the aviation business.

On the 12th of August 1969, Texaco Nigeria Limited was incorporated as a wholly owned subsidiary of Texaco Africa Limited, thus inheriting the business formerly carried out in Nigeria by Texaco Africa Limited. With the promulgation of the Nigerian Indigenization Decree in 1978, 40% of Texaco Nigeria Limited shares, was sold to Nigerian individuals and organizations by Texas Petroleum Company.

In 1990, the Companies and Allied Matters Decree came into force and this necessitated the removal of Limited from the Company's corporate name, to the prescribed 'Public Limited Liability Company' (PLC) with its shares quoted on the Nigerian Exchange Limited.

Following the creation of ChevronTexaco in 2001 from the merger between Chevron Corporation and former Texaco Inc., Texaco Nigeria Plc became an integral part of the new corporation. As Chevron Texaco considered the acquisition of former Union Oil Company of California (UNOCAL), the Board of ChevronTexaco decided to eliminate 'Texaco' from the corporate name and retain only Chevron as the new name of the enlarged corporation.

Effective the 1st of September 2006, the Company's name changed from Texaco Nigeria Plc to Chevron Oil Nigeria Plc following a directive from Chevron Corporation's headquarters to all affiliate companies. This was designed to present a clear, strong and unified presence of Chevron Corporation throughout the world.

On the 20th of March 2009, there was an acquisition of Chevron Africa Holdings Limited, (a Bermudian Company) by Corlay Global S.A. of Moffson Building, East 54th Street, Panama, Republic of Panama. By virtue of this foreign transaction, Chevron Nigeria Holdings Limited, Bermuda changed its name to MRS Africa Holdings Limited, Bermuda. The new management of the Company announced a change of name of the Company from Chevron Oil Nigeria Plc to MRS Oil Nigeria Plc ("MRS") effective 2 December 2009, following the ratification of the name change of the Company at the 40th Annual General Meeting of the Company on 29 September 2009.

Currently, 304,786,406 shares are held by about 24,847 Nigerian shareholders and 1 foreign shareholder (MRS Africa Holdings Limited, Bermuda, a subsidiary of Corlay Global S.A.) in MRS Oil Nigeria Plc, a company with the main business of marketing and/or manufacturing of petroleum related products in Nigeria.

With about 78 active Company owned operating outlets and about 80 third party owned operating outlets, MRS Oil Nigeria Plc is a major player in Nigeria's petroleum products marketing industry and a leading producer of quality lubricating oils and greases.

Principal Activities:
The Company remains principally engaged in the business of marketing and distribution of refined petroleum products; blending of lubricants, manufacturing of greases and its sale.

The Company's Result:
The summary of the results of the Company as included in the Financial Statements are as follows:

Year ended 31 December	2021	2020
	NGN'000	NGN'000
Revenue	71,976,255	41,981,439
Profit/(Loss) Before Tax	325,025	(2,652,068)
Tax charge	14,848	387,924
Profit/(Loss) for the year	339,873	(2,264,145)
Proposed Dividend for the Year	-	-
Bonus Issue Reserve	-	-
Earnings Per 50k Share (Naira)	1.12	(7.43)
Net Assets per 50k Share	56.38	55.26
Profit/(Loss) per 50k Share (Naira)	1.12	(7.43)

Board Changes:
During the period under review, there were no changes on the Board of the Company

Board Induction:
The Company carries out an induction program to familiarize new Directors appointed on the Board, with the Company's operation, the business environment and the Management of the Company. For the year under review, there was no induction program conducted.

Election/Re-election of Directors:
In accordance with Articles 90/91 of the Company's Article of Association, Dr. Daniel A. Nwokafor and Sir Sunday Nnamdi Nwosu (KSS), offer themselves for re-election.

The Directors:
The Directors in office during the year are listed below and except where stated, served on the Board in 2021:

Name	Nationality	Designation	Appointments/ Resignations (AIR)
Mr. Patrice Alberti	French	Chairman	March 20, 2009 (A)
Mr. Marco Storari		Managing Director	August 3, 2021 (A)
Ms. Amina Maina		Non Executive Director	November 6, 2013 (A)
Mr. Matthew Akinlade		Independent Director	April 27, 2017 (A)
Sir Sunday Nnnadi Nwosu (KSS)		Non Executive Director	April 27, 2017 (A)
Dr. Daniel Amobi Nwokafor		Non Executive Director	April 27, 2017 (A)
Mrs. Priscilla Ogwemoh		Non Executive Director	February 28, 2019 (A)

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Directors' Interest in the Issued Share Capital of the Company:
The direct and indirect interests of Directors in the issued share capital of the Company as recorded in the Register of Directors' Shareholdings and/or as notified by the Directors for the purpose of Sections 301 of the Companies and Allied Matters Act, 2020 and the listing requirements of the Nigerian Exchange Limited are as follows:

Mr. Patrice Alberti, Ms. Amina Maina, Mr. Matthew Akinlade and Sir Sunday Nnamdi Nwosu (KSS) indirectly/directly own shares in the Company as follows:

Name	2021	2020
Ms. Amina Maina	33,136	33,136
Sir. Sunday N. Nwosu (KSS)	6, 301	6,301
Mr. Matthew Akinlade	571	571

Directors' Interest in Contract:
For the purpose of Section 303 of the Companies and Allied Matters Act, 2020, none of the Directors have notified the Company of any direct or indirect interest in any contract or proposed contract with the Company.

Major Shareholders:
According to the Register of Members as at 31 December 2021, the following shareholders of the Company hold more than 5% of the issued ordinary share capital of the Company:

	2021		2020	
Name	**Unit**	**%**	**Unit**	**%**
MRS Africa Holdings Limited	182,871,828	60%	182,871,828	60%
First Pen Cust/Asset Management Corporation of Nigeria MAI	31,919,838	10.47%	31,919,838	10.47%

Mr. Patrice Alberti represents MRS Africa Holdings Limited on the Board. There is no representative of First Pen Cust/ Asset Management Corporation of Nigeria-MAI on the Board of the Company.

From the Register of Members, the Directors are not aware of any other person or persons who holds more than 5% of the fully issued and paid shares of the Company.

Analysis of Shareholding:
According to the register of Members at 31 December 2021, the spread of shareholding in the Company is presented below:

Number of holding			Number of shareholders	Number of shares held	Percentage of shareholding
1	-	1,000	12,862	4,460,177	1.46%
1,001	-	5,000	9,306	22,746,995	7.46%
5,001	-	1,0000	1,314	9,202,116	3.02%
10,001	-	50,000	1,183	22,087,016	7.25%
50,001	-	100,000	95	6,410,205	2.10%
100,001	-	500,000	74	14,153,794	4.64%
500,001	-	1,000,000	10	6,715,608	2.20%
1,000,001	-	5,000,000	2	4,218,829	1.38%
5,000,001	-	50,000,000	1	31,919,838	10.47%
50,000,001	-	304,786,406	1	182,871,828	60%
Total			**24,848**	**304,786,406**	**100%**

Name	No of Shareholders	Number of shares held	Percentage shareholding
Local shareholders	24,847	121,914,578	40%
Foreign shareholders	1	182,991,206	60%
	24,848	**304,786,406**	**100%**

Acquisition of its Own Shares:
The Company did not acquire its own shares during the year. (2020: Nil)

The Managing Director/CEO is responsible for the conduct of the Company's activities in the safest and most efficient manner and has an obligation to deliver value to its stakeholders.

Employment Policy:
MRS Oil Nigeria Plc recognizes that its employees are the most valuable assets in the organization. The recruitment strategy is to ensure that qualified and competent candidates are engaged and retained to promote the Company's corporate goals.

Best Practices and Current Trends in the Workplace:
MRS as an equal opportunity employer adopts a fair, transparent and effective recruitment process while seeking to meet the current and future needs of the Company. The Company has a strong brand, which has created an enduring employee value proposition and attracts talents to the Company at all levels. The Company maintains a right balance between its recruitment policy and social responsibility needs, for internal and external recruitment. It pays close attention to candidates' profiles and aligns each candidate's values with the Company's values against certain considerations such as culture-fit, professionalism, leadership and people-relation skills.

The recruitment, selection and placement of employees are guided by the following principles:

i. The Company as an equal opportunity employer.
ii. An objective and merit-based assessment process of competence, relevant experience and/or potential, as well as general medical, physical behavioral and mental fitness to perform the role being resourced.
iii. No discrimination exists between applicants for employment on the basis of age, race, gender, ethnic origin, nationality or religion.
iv. The Company adheres to all applicable laws regarding the employment of labor, as well as international best practices.

Employee Wellness and Wellbeing:
The Company prioritizes employee wellbeing and mental health. The focus on nurturing employee's well-being is critical to the development of workplace resilience.

The Company organizes initiatives and interventions for the improvement of health and the wellbeing of its employees periodically, to boost employee productivity and overall output.

Employees are encouraged to engage in programs focused on the improvement of a healthy lifestyle, with positive impacts on the mental, emotional, physical and social well-being.

Some of the wellness initiatives implemented during the year include;

- Compulsory Annual Health Checks for all employees, on-site physical health checks, healthier living and maintaining a good work-life balance.
- Health Insurance cover for employees through the Health Maintenance Organizations (HMOs).
- Regular advisory and health talks during health awareness sessions, work life balance initiatives which include remote work policies.
- A work environment free from health hazards and the continuous provision of resources that create a conducive and ergonomic workplace.
- Paid time off for all medical, maternity and paternity leave.

Employee Involvement and Engagement:
Monthly town hall meetings and strategy sessions; employee involvement in the decision making process. Feedback from sessions, provide valuable input to the decision making process.

Employee Learning and Development:
As part of the corporate values to continually train employees to become the best professionals, various trainings were deployed: The trainings covered key areas of Consumer protection and competition, Basic depot operations, Basic station operations, Re-skilling of employees and Whistle blowing awareness. The trainings involved technical and people development training objectives which aligns with employee needs. The post training feedback indicated a positive Return on Investment (ROI).

Professional Membership:
In line with the Company's drive to promote professional development in career roles, membership subscriptions were renewed and a number of the Mandatory Continuing Professional Education (MCPE) was implemented. The professional bodies include Nigeria Bar Association (NBA), Chartered Institute of Personnel Management (CIPM), Council of Registered Engineers of Nigeria (COREN), Chartered Governance Institute UK. (CGI), amongst others.

In-House Training:
The primary objective for the Company in the year under review was employee training on product knowledge of lubricants and other company products. The process for the ISO recertification of the Company commenced with the, quality management system ISO 9001:2015 training organized to create awareness on procedures and processes. The training assessment and its likely impact indicate improved processes and procedures, increased efficiency in processes (Sales), increased capacity to adapt to new technologies and methods (Lubes), etc.

Internship Management:
The internship programme is an initiative, designed to develop and create a talent pool. It seeks to provide learning opportunities and practical work experience for career development in young undergraduates (SIWES/ Industrial Attachment). The interns acquire technical and soft skills, based on exposure to the business practices through various learnings modules.

Workforce Management:
As at the 31st of December 2021, the Company's workforce was 91 (2020:97), which represents a 6% reduction in the workforce of the Company.

Health, Safety, and Environment (HSE) Performance in 2021:
MRS Oil Nigeria Plc's robust Health, Safety and Environment (HSE) Policy, aligns with applicable standards in Occupational Health and Safety (OHS). The Company is committed to adopting and implementing other global best practices in Health, Safety and Environment (HSE) at its office locations across the country. This process ensures that all employees, contractors and visitors at the various office locations are protected from occupational health related incidents and it promotes the overall wellbeing of the employees who periodically assesses the HSE risks inherent within the work locations.

The Company is consistently poised to achieve operational excellence through a robust safety culture and leadership that complies with relevant local and international standards and regulations. The recent business growth allowed the upscale of the HSE management strategies and placed emphasis on the establishment of a unified operational strategy for risk assessment, incident prevention and management change. The overall goal being the protection of employees, customers and interested parties.

Operational Risk Core Capabilities:
Risk Assessment: A clear understanding of the risk exposures across sites and improved execution through resource allocation to high-risk areas was achieved.
Management of Change: The business structure and operations were enhanced with best practices for initiation, evaluation, approval and startup of the change management process.
Incident Management: Measures were implemented to capture, track, investigate, report and analyze incidents, near-miss events, the control of operational risks, improved safety performance and sustained learning.
Quality Risk: The creation of knowledge-driven, data-centric quality specifications and control plans, consistent across the organization to assist with the effective conduct and proactive risk assessment methodologies namely: Job Safety Analysis, HAZOP, HAZID, Root Cause Analysis, Safety Observation Cards, Safety Case Development and regular Environment Management Review.
Leadership and Engagement: Strategy development to identify employees in safety, with a vision of excellent engagement, beliefs, perceptions and values for their ideal engagement. To create opportunities for employees at all levels for their active participation in effective safety activities and the inputs that address safety efforts.

HSE Plans and Initiatives:
MRS is committed to sustaining the Health and Safety successes for 2021 and beyond and seeks to continuously improve the Company's Health and Safety standards, ensure an incident-free operation within the business entity. The achievements in the year under review include.

- The creation and strengthening of safety cultures amongst employees by utilizing the MRS safety management system.
- Effective training sessions within the Aviation business to update employees on significant aviation safety and quality requirement, the improvement of the safety culture and compliance with International Air Transport Association (IATA) and Joint Inspection Group (JIG) guidelines.
- Compliance with safety and retail operational procedures across the retail outlets nationwide and equipping resource employees (Retail Sales and Operations) with requisite safety skills for all aspects of the business.
- Coverage of significant aspects of JIG Health Safety and Environment Management Systems (HSEMS) and IATA training to improve safety measures and fuel handling and into-plane fueling operations technics.
- Annual aviation audit on Nigerian Civil Aviation Authority (NCAA), IATA, Federal Airports Authority of Nigeria (FAAN) and JIG audits.
- Adherence to Truck haulage safety standards and the process for drivers on safe driving requirements, issued by the Federal Roads Safety Commission (FRSC), Department of Petroleum Resources (DPR) and Lagos State.
- The engagement of safety marshals, test for the effectiveness of firefighting equipment's and the adequacy of the emergency response plan.
- The commemoration of the annual Safety and Health at Work week to create awareness and re-awaken the consciousness of Occupational Health and Safety issues.
- Zero tolerance to fatalities.

Information Technology Upgrades:
Information Technology is embedded into the Company operations and seeks to provide a stable, up to date information technology infrastructure for the improvement of the working environment, increased productivity and cyber security. The technological advancements include:

1. Software use for smarter work and improved productivity; this encompasses various applications with social distancing technics to reduce physical interactions at the workplace.
2. A centralized office 365 SharePoint Library, set up for ease of document sharing among employees and the backup of official documents, to create a reduction in data loss, accidents or theft.
3. The implementation of a centralized Storage Area Network (SAN) for safe storage and backup for all employee files through integration in the system network.
4. Antivirus Upgrade to maintain a safe cyber environment which matches advancements in emerging threats.

5. A web-based IT helpdesk platform, implemented to manage all support requests and improve IT efficiency and effective tracking and resolution of user IT problems.
6. Veeam enterprise backup solution setup for guaranteed business continuity from data loss, virus attacks or server crash.
7. Cost effective measures through the implementation of centralized phone systems for external and internal calls for users within the organization and at different regions.

Internal Audit Function and Internal Controls:
The Directors are of the opinion that an effective internal audit function exists in the Company, to give assurance of an effective risk management and control process. This assertion is justified by the professional competence of the Chief Internal Auditor (CIA), who is a Chartered Accountant with 9 years of industry experience.

The internal audit function, routinely reviews the internal controls and assessments, to determine its adequacy, effectiveness and efficiency. The CIA, presents regularly reports to the Audit Committee of the Company.

MRS Oil Nigerian Plc has a structured risk management framework to guide risk assessment in all aspects of the business. The risk assessment process captures areas of the business risks and implements measures to address the risks.

The Directors are responsible for the risk management process and the assertions on the effectiveness of the process, which is integrated into the day to day activities of the Company. The risks identified within the business are operational, financial, reputational, procedural and compliance risks, amongst others.

Property, Plant and Equipment:
Information relating to changes in the Company's property, plant and equipment is provided in Note 15 to the Financial Statements.

Going concern:
Nothing has come to the attention of the Directors to inform them, that the Company will not remain a going concern in the next twelve months.

By Order of the Board

O. M. Jafojo (Mrs.) FCIS
Company Secretary
FRC NO: 2013/NBA/00000002311

March 29, 2021

CORPORATE GOVERNANCE

The Board considers the maintenance of high standards of corporate governance, central to the achievement of the Company's objective to maximize shareholders' value. The Board has a schedule of matters reserved specifically for its decision and the Directors have access to knowledge development and the learning of appropriate professional skills.

Ethical Standards:
In line with the Companies and Allied Matters Act, 2020, the Securities and Exchange Commission's Rules and Code of Corporate Governance for public companies, the Nigerian Exchange Limited Rules and Regulations and other statutory regulations, the Directors continue to act with utmost integrity and high ethical standards and are aware of this primary responsibility in their business dealings with the Company.

Board Composition:
The Company's Board currently comprises of a Non-Executive Chairman, the Managing Director, Four (4) Non-Executive Directors and an Independent Director. The Managing Director has extensive knowledge of the oil and gas industry, while the Non-Executive Directors bring in their broad knowledge of business, financial, commercial and technical expertise to the Board.

Annually, the Board reviews the Board structure and ensures there is a satisfactory balance on the Board Composition. The balance may be reviewed on an ongoing basis, bearing in mind the size of the Company and its ownership structure.

There are 7 (Seven) Directors on the Board, with each Director bringing their independent wealth of experience to bear on Board deliberations.

Separation of Powers:
The position of the Chairman of the Company and the Managing Director/CEO are held by separate individuals, in line with best practice and Corporate Governance standards. The Managing Director/CEO is responsible for the management of the day to day business operations and the implementation of the overall business strategy.

The Company Secretariat:
The Company Secretary is the custodian of the Company's historical records and is responsible for ensuring that Board Members are kept abreast of Statutory and Corporate Governance policies. The Company Secretary also provides support, guidance and advice to the Directors as required.

The Secretariat is the liaison office between the Shareholders and the Directors and it is a warehouse of up-to-date statutory records, statutory registers and other records.

Meetings:
The register of attendance at Board and Committee meetings, is available for inspection during normal business hours (8:00am to 5:00pm) at the registered office of the Company and at each Annual General Meeting of the Company.

Board Meetings:
The Board meets at least four (4) times a year for regular scheduled meetings to review the Company's operations and trading performance, to set and monitor strategies as well as consider new business options. The Board also meets for unscheduled meetings, to attend to specific matters that require its attention.

Attendance at Board Meetings:

The attendance of Directors at board meetings in the year under review is noted below:

MRS Oil Nigeria Plc – 2021 Board Meetings							
Directors	**Designation**	**30 Mar '21**	**29 April '21**	**29 July '21**	**5 Aug '21**	**16 Sep '21**	**28 Oct '21**
Mr. Patrice Alberti	Chairman	√	√	√	√	√	√
Mr. Marco Storari	Managing Director	x	√	√	√	√	√
Ms. Amina Maina	Director	√	√	√	√	√	√
Mr. Matthew Akinlade	Independent Director	√	√	√	√	√	√
Sir. Sunday N. Nwosu (KSS)	Director	√	√	√	√	√	√
Dr. Amobi D. Nwokafor	Director	√	√	√	√	√	√
Mrs. Priscilla Ogwemoh	Director	√	√	√	√	√	√

√= Present, x = Absent, N/A = Not Applicable: Not a member at the stated date.

Board Performance Appraisal:

The Board took a formal evaluation of its performance in the year under review. A follow up process exists for all matters of concern or potential improvement which may arise, when an evaluation process is carried out. The annual performance appraisal for the year under review, commenced in May 2022.

Sub Committees of the Board:

The Board has established Committees, with approved written Terms of Reference. There are four (4) sub-committees of the Board and the Chairman is not on any of the Committees. The sub-committees are established to assist the Board to effectively and efficiently perform guidance and oversight functions, amongst others.

The Terms of Reference for all the Committees are available for inspection at the registered office of the Company.

The current composition of the Board sub committees and attendance at meetings in the year under review: -

The Audit Committee:

The Audit Committee						
The Audit Committee Members	**Designation**	**26 Mar**	**Apr 28**	**28 Jul**	**30 Aug**	**27 Oct**
*Mr. Emmanuel N. Okafor	Chairman	√	√	√	√	√
**Dr. Amobi D. Nwokafor	Chairman	√	N/A	N/A	N/A	N/A
Ms. Amina Maina	Member	x	√	√	√	√
Mrs. Priscilla Ogwemoh	Member	√	√	√	√	√
Mr. Babajide A. Adetunji	Member	√	√	√	√	√
Mr. Oladimeji B. Adeleke	Member	√	√	√	√	√

*Appointed as Chairman April 28, 2021
**Ceased to be the Chairman April 28, 2021

√= Present, x = Absent, N/A = Not Applicable: Not a member at the stated date.

On the invitation of the Chairman of the Audit Committee, representatives of Management and the External Auditors are invited to attend meetings. The Audit Committee is responsible for the review of the Quarterly and Annual Financial Reports of the Company before submission to the Board. The Audit Committee also makes recommendations on the appointment of the External Auditors and reviews the nature and scope of their work as well as gives recommendations on the Company's accounting procedures and internal controls.

In the year under review, the Audit Committee met five (5) times.

The Board Nomination And Corporate Governance Committee:

Board Nomination and Corporate Governance Committee		
Members	Designation	18 Mar
Sir. Sunday N. Nwosu (KSS)	Chairman	√
Mr. Matthew Akinlade	Member	√
Dr. Amobi D. Nwokafor	Member	√
Mrs. Priscilla Ogwemoh	Member	√

√= Present, x = Absent, N/A = Not Applicable: Not a member at the stated date

The Board Nominations and Corporate Governance Committee (BNCGC) is responsible for the nomination of candidates to be appointed on the Board, bearing in mind the balance and structure of the Board. The Committee also considers corporate governance issues and ensures strict compliance with best practices. The BNCGC makes recommendation to the Board on issues regarding but not limited to the membership of the Audit, the Risk, Strategic and Finance Planning and the Human Resources Committee, in consultation with the Chairman of each Committee.

In the year under review, the Board Nominations and Corporate Governance Committee met once.

The Risk, Strategic and Finance Planning Committee:

The Risk, Strategic and Finance Planning Committee				
Members	Designation	2 Aug	16 Sep	26 Oct
Ms. Amina Maina	Chairman	√	√	√
Mr. Marco Storari	Member	√	√	√
Mr. Matthew Akinlade	Member	√	√	√
Sir. Sunday N. Nwosu (KSS)	Member	√	√	√
Dr. Amobi D. Nwokafor	Member	√	√	√

√= Present, x = Absent, N/A = Not Applicable: Not a member at the stated date

The Risk, Strategic and Finance Planning Committee, is responsible for assisting the Board of Directors in the effective and efficient performance of its guidance and oversight functions and is specifically charged with managing the Organization's exposure to financial and other risks. This Committee is also responsible for defining the Company's strategic objectives, determining its financial and operational priorities, making recommendations on the dividend policy of the Company and the evaluation of the long term productivity of the business operation.

In the year under review, the Risk, Strategic and Finance Planning Committee met three (3) times.

The Human Resources Committee:

The Human Resources Committee					
Directors	Designation	19 Feb	23 Apr	27 Apr	28 May
Mr. Matthew Akinlade	Chairman	√	√	√	√
Mr. Marco Storari	Member	√	x	√	x
Ms. Amina Maina	Member	√	√	√	√
Sir. Sunday N. Nwosu (KSS)	Member	√	√	√	√
Mrs. Priscilla Ogwemoh	Member	√	√	√	√

√= Present, x = Absent, N/A = Not Applicable: Not a member at the stated date

The Human Resources Committee is responsible for the review of contract terms, remuneration and other benefits of Executive Directors and the Senior Management of the Company. The Committee also reviews the reports of external consultants for services rendered, to assist the Committee in the execution of its duties.

The Chairman and other Directors may be invited to attend meetings of the Committee, but are not involved in the decision making process that directly affects their remuneration. The Committee undertakes an external and independent review of remuneration policies at all levels and on a periodic basis, to ensure strict adherence to employment policies.

In the year under review, the Human Resources Committee met four (4) times.

Shareholders Rights:
The Board is committed to the continuous engagement of its Shareholders and it ensures that Shareholders' rights are well protected. The Board further ensures effective communication to its Shareholders regarding the notice of meetings and necessary statutory information.

E Dividend:
The Company records show that several dividends remain unclaimed despite publications in the Newspapers to the shareholders of the Company and the circulation of the E dividend forms. A list of shareholders with unclaimed dividend, is available on the Company's website. Shareholders with unclaimed dividends, are encouraged to update their records to enable the Registrars complete the E dividend process.

Statement of Compliance:
The Company has in place a Securities Trading Policy, which guides its Directors, Executive Management, Officers and Employees on insider trading as well as the trading of the Company's shares. The Company continues to carry out its operations in line with procedures consistent with excellence through partnership and transparency.

MRS Oil Nigeria Plc has an established Complaints Management Policy with guidelines, on responses to feedback from investors, clients and other stakeholders. The Policy provides an impartial, fair and objective process of handling stakeholders' complaints as well as an established monitoring and implementation procedure.

The Company efficiently and effectively responds to feedback, to improve and exceed customer expectations, client experience and the delivery of excellent service to its stakeholders.

Based on the recommendations of the Securities and Exchange Commission (SEC), the Nigerian Exchange Limited Listing Rules (as Amended), as well as other international best practices, the Company has complied with corporate governance requirements and best practices. MRS Oil Nigeria Plc is committed to the continued sustenance of the principles of sound corporate governance.

Whistle Blowing:
MRS Oil Nigeria Plc, is committed to complying with all laws in Nigeria that are relevant to its operations. In line with the provisions of the Securities and Exchange Commission's, Code of Corporate Governance and the Nigerian Code of Corporate Governance, a Whistle Blowing Policy exists, for the reporting of serious, actual and suspected concerns of integrity and unethical behavior. An extract of this Policy can be found on the Company's website.

By Order of the Board

O. M. Jafojo (Mrs.) FCIS
Company Secretary
FRC NO: 2013/NBA/00000002311

March 29, 2022

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER 2021

TO THE MEMBERS OF MRS OIL NIGERIA PLC

In accordance with Section 404(4) of the Companies and Allied Matters Act, 2020, we the Members of the Audit Committee of MRS Oil Nigeria Plc, have reviewed the Audited Financial Statements of the Company for the year ended 31 December, 2021 and based on the documents and information available to us, report as follows::

(a) We ascertain that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;

(b) We have reviewed the scope and planning of the audit requirements;

(c) We have reviewed the findings on management matters in conjunction with the external auditor and departmental responses thereon;

(d) We have kept under review the effectiveness of the Company's system of accounting and internal control

Members of the Audit Committee in 2021.

1.	Dr. Amobi D. Nwokafor	-	Chairman
2.	*Mr. Emmanuel N. Okafor	-	Chairman
3.	**Mr. Babajide A. Adetunji	-	Member
4.	***Mr. Oladimeji B. Adeleke	-	Member
5.	Ms. Amina Maina	-	Member
6.	Mrs. Priscilla Ogwemoh	-	Member

Dr. Amobi Nwokafor ceased to be a Member/Chairman of the Committee on March 26, 2021.
**Mr. Emmanuel N. Okafor Re-appointed at the Company's Annual General Meeting of August 3, 2021.
***Mr. Oladimeji B. Adeleke Re-appointed at the Company's Annual General Meeting of August 3, 2021.
****Mr. Babajide A. Adetunji Re-appointed at the Company's Annual General Meeting of August 3, 2021

MR. EMMANUEL OKAFOR
Chairman, Audit Committee
FRC NO/2013/ICAN/00000002770

March 29, 2022

Deloitte.

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Independent Auditor's report

To the shareholders of MRS Oil Nigeria Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MRS Oil Nigeria Plc set out on pages 45 to 95, which comprise the statement of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, 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 the Company as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and Financial Reporting Council Act, 2011.

Basis for Opinion

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

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

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year. However, we have not identified such matter in our audit of the financial statements in the current year.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Based on the work we have performed on the other information 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, the requirements of the Companies and Allied Matters Act 2020, the Financial Reporting Council Act, 2011 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 judgement and maintain professional scepticism throughout the audit. We also:

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

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

Deloitte.

Report on Other Legal and Regulatory Requirements

In accordance with the Fifth schedule of Companies and Allied Matters Act 2020, we expressly state that:

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

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

iii) 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.

Abraham Udenani, FCA – FRC/2013/ICAN/00000000853
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
30 March 2022

OUR DRIVING FORCE

www.mrsoilnigplc.net
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FINANCIAL STATEMENTS

Statement of profit or loss and other comprehensive Income for the year ended 31 December 2021

	Notes	31 Dec. 2021	31 Dec. 2020
		₦'000	₦'000
Revenue	5	71,976,255	41,981,439
Cost of sales	8	(66,831,653)	(38,523,436)
Gross profit		**5,144,602**	**3,458,003**
Other income	6	1,379,496	521,520
Administrative expenses	10	(4,656,466)	(4,993,908)
Selling and distribution expenses	9	(1,523,132)	(1,025,540)
Reversal of Impairment on financial assets	31(a)	323,580	468,588
Operating profit/(loss)		**668,080**	**(1,571,337)**
Finance income	11	33,278	8,879
Finance costs	11	(376,333)	(1,089,611)
Net finance Costs	**11**	**(343,055)**	**(1,080,732)**
Profit/(loss) before taxation		**325,025**	**(2,652,069)**
Income tax credit	14	14,848	387,924
Profit/(loss) after taxation for the year		**339,873**	**(2,264,145)**
Other Comprehensive Income, net of income tax		-	-
Total comprehensive income/(loss) for the year		**339,873**	**(2,264,145)**
Earnings/(loss) per share			
Basic and diluted earnings/(loss)per share (Naira)	13	1.12	(7.43)

The accompanying notes on page 50 to 95 form an integral part of these financial statements.

Statement of financial position as at 31 December 2021

	Notes	31 Dec. 2021	31 Dec. 2020
ASSETS		**₦'000**	**₦'000**
Property, plant and equipment	15	14,742,550	14,762,285
Right of use assets	30	802,333	1,071,483
Intangible assets	16	29	300
Total non-current assets		**15,544,912**	**15,834,068**
Inventories	21	3,295,802	3,831,314
Withholding tax receivables	20	9,747	56,356
Prepayments	28	56,415	111,085
Trade and other receivables	18	15,499,644	12,364,105
Cash and cash equivalents	22	2,798,795	4,462,166
Total current assets		**21,660,403**	**20,825,026**
Total assets		**37,205,315**	**36,659,094**
Equity			
Share capital	23(a)	152,393	152,393
Retained earnings	23(b)	17,030,951	16,691,078
Total equity		**17,183,344**	**16,843,471**
Liabilities			
Employee benefits obligations	24	6,632	15,935
Provisions	29	52,291	52,581
Lease liabilities	30	509,387	653,732
Deferred tax liabilities	14e)	-	221,048
Total non-current liabilities		**568,310**	**943,296**
Dividend payable	25	169,851	170,735
Trade and other payables	26	17,463,049	16,982,078
Short term borrowings	27	1,411,105	1,411,105
Provisions	29	46,139	46,139
Tax payable	14d)	363,517	262,270
Total Current liabilities		19,453,661	18,872,327
Total liabilities		20,021,971	19,815,623
Total equity and liabilities		**37,205,315**	**36,659,094**

Approved by the Board of Directors on 29 March 2022 and signed on its behalf by:

Mr Marco Storari	Dr. Amobi D. Nwokafor	Mr. Samson Adejonwo
(Managing Director)	(Director)	Chief Finance Officer
FRC/2020/003/00000022083	FRC/2013/ICAN/00000002770	FRC/2020/001/00000021998

Statement of changes in equity for the year ended 31 December

	Share capital	Retained earnings*	Total equity
	₦'000	₦'000	₦'000
Balance as at 1 January 2020	**152,393**	**18,955,223**	**19,107,616**
Total comprehensive income/(loss):			
Loss for the year	-	(2,264,145)	(2,264,145)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	**-**	**(2,264,145)**	**(2,264,145)**
Balance as at 31 January 2020	**152,393**	**16,691,078**	**16,843,471**

	Share capital	Retained earnings*	Total equity
	₦'000	₦'000	₦'000
Balance as at 1 January 2021	**152,393**	**16,691,078**	**16,843,471**
Total comprehensive income:			
Profit for the year	-	339,873	339,873
Other comprehensive income	-	-	-
Total comprehensive income	**-**	**339,873**	**339,873**
Total transactions with owners of the Company	**-**	**-**	**-**
Balance as at 31 December 2021	**152,393**	**17,030,951**	**17,183,344**

Statement of Cash Flows for the year end 31 December, 2021

	Notes	31 Dec. 2021	31 Dec. 2020
Cash flows from operating activities:		**₦'000**	**₦'000**
Profit/(loss) after tax		339,873	(2,264,145)
Adjustments for:			
Depreciation on PPE	15	508,698	1,346,678
Depreciation on Right of Use Assets	10	111,551	143,000
Amortisation of intangible assets	16	272	2,358
Finance income	11	(33,278)	(8,879)
Finance costs	11	376,333	1,089,611
Loss on sale of property, plant and equipment	10	491,229	211,949
(Gain)/loss on disposal of ROU Asset	6,10	(56,665)	100,955
Net Exchange Loss		210,145	-
Withholding tax credit notes utilised	14(d)	(60,717)	-
Write off on Other Receivable-Dividend Receivable from Registrar	18(e)	884	63,271
Write off on Miscellaneous Receivable Retailers	18(f)	300	72,504
Write off on Joint Receivable balance	18(g)	1,778	-
(Reversal)/Provision for long-term service award	24(c)	(6,369)	891
Reversal of impairment loss on trade receivables	31(a)	(337,858)	(315,710)
Reversal of impairment on truck loan receivables	31(a)	-	(2,500)
Impairment of Petroleum Equalization Fund receivables	31(a)	2,651	53,273
Impairment/(Reversal) of Petroleum Product Pricing Regulatory Agency receivable	31(a)	-	(44,558)
Impairment/(Reversal) of Related party receivables	31(a)	11,628	(159,093)
Impairment loss on inventory	21(a)	14,679	56,116
Minimum tax	14	206,200	103,374
Income tax credit	14	(221,048)	(491,298)
		1,560,286	**(42,203)**
Changes in:			
- Inventories		520,833	2,349,015
- Trade, other receivables and prepayments		(2,713,643)	5,455,008
- Security deposits		-	(209,041)
- Trade and other payables		173,382	(3,186,107)
Cash (used in)/generated from operating activities		**(459,142)**	**4,366,672**
Income taxes paid	14(d)	(44,236)	(293,138)
Withholding tax credit notes utilised	14(d)	-	(31,408)
Long term service award paid	24	(2,934)	(1,447)
Net cash (used in)/generated by operating activities		**(506,312)**	**4,040,679**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	15	125,400	80,439
Purchase of property, plant and equipment	15	(1,105,592)	(429,713)
Purchase of intangible assets	16	-	(300)
Principal received on amounts advanced to transporters	17	-	2,500
Interest received	11	33,278	8,879
Net cash used in investing activities		**(946,914)**	**(338,195)**
Cash flows from financing activities			
Additional (overdraft)/short term borrowings	27	-	2,500,000
short term borrowing repayment	27	-	(2,500,000)
Dividends paid	25	-	(8)
Interest Paid	11	-	(103,823)
Net cash used in financing activities		**-**	**(103,901)**
Net change in cash and cash equivalents		(1,453,226)	3,598,583
Cash and cash equivalents at 1 January		4,462,166	1,052,880
Effect of movements in exchange rates on cash held		(210,145)	(189,297)
Cash and cash equivalents at 30 December 2021	22	**2,798,795**	**4,462,166**

The accompanying notes on pages 50 to 95 form an integral part of these financial statements.

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Index to Notes to the financial statements for the year ended 31 December 2021

1.1 REPORTING ENTITY

The Company was incorporated as Texaco Nigeria Limited (a privately owned Company) on 12 August 1969 and was converted to a Public Limited Liability company quoted on the Nigerian Stock Exchange in 1978, as a result of the 1977 Nigerian Enterprises Promotions Decree. The Company is domiciled in Nigeria and its shares are listed on the Nigerian Stock Exchange (NSE). The Company's name was changed to Texaco Nigeria Plc. in 1990 and on 1 September 2006 to Chevron Oil Nigeria Plc.

On 20 March 2009, there was an acquisition of Chevron Africa Holdings Limited, (a Bermudian Company) by Corlay Global SA of Moffson Building, East 54th Street, Panama, Republic of Panama. By virtue of this foreign transaction, Chevron Nigeria Holdings Limited, Bermuda changed its name to MRS AfricaHoldings Limited, Bermuda.

The new management of the Company announced a change of name of the Company from Chevron Oil Nigeria Plc to MRS Oil Nigeria Plc ("MRS") effective 2 December 2009 following the ratification of the name change of the Company at the 40th Annual General Meeting of the Company on 29 September 2009.
The Company is domiciled in Nigeria and has its registered office address at: 2, Tincan Island Apapa Lagos, Nigeria.

The Company is principally engaged in the business of marketing and distribution of refined petroleum products, liquefied gas, blending and selling of lubricants and manufacturing and selling of greases.

1.2 BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, 2011.

(B) BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis except as otherwise stated.

(C) COMPOSITION OF FINANCIAL STATEMENTS

The financial statements comprise:

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

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

* Statements of Value added
* Five-year financial summary

(D) FINANCIAL PERIOD

These financial statements cover the period from 1 January 2021 to 31 December 2021 with comparative figures for the financial year from 1 January 2020 to 31 December 2020.

(E) FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Nigerian Naira, which is the Company's functional currency. All financial information presented in Naira have been rounded to the nearest thousand unless stated otherwise.

(F) SIGNIFICANT CHANGES IN THE CURRENT REPORTING YEAR

In 2021, oil prices and demand for oil products reduced significantly due to the global Coronavirus (COVID - 19) pandemic and other geopolitical events around the world. These recent events will continue to have an impact on oil price volatility. The Company will continue to monitor the oil prices and take adequate steps to manage its business and any financial impact of same. However, the Company's operations are not affected by seasonality or cyclic situation.

2 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATING UNCERTAINTY

USE OF JUDGEMENTS AND ESTIMATES

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

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

Judgements, assumptions and estimation uncertainties

Significant judgments have been made in applying accounting policies that would have significant effects on the amounts recognised in these financial statements.

Information about judgements, assumptions and estimation uncertainties that have a significant risk of resulting in amaterial adjustment inthe yearended 31 December, 2021 are included in the notes below:

(A). IMPAIRMENT ASSESSMENT OF CASH GENERATING UNIT

The Company assesses whether there are any possible indicators of impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least at every reporting date. Such indicators include changes in the, Company's business plans, changes in commodity prices, evidence of physical damage and, for oil and gas properties, significant downward revisions of estimated recoverable volumes or increases in estimated future development expenditure. This triggered an impairment test which resulted in the Company performing a valuation to determine the recoverable amount of its cash generating unit (CGU). The Company has a single CGU, whose carrying amount is reflected in the net assets position.

An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is higher of its fair value less costs of disposal and value-in-use. The Company has made an assessment of the amount that the Company could obtain at the end of the reporting period from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting cost of disposal. In determining this amount, the Company has considered the outcome of recent transactions for similar assets within the same industry.

Based on the above and assessment done by the Directors, there is no impairment indicator to suggest that the recoverable amount as at 31 December 2021 of the CGU is lower than the carrying amount, and accordingly no impairment test of the CGU is required as at that date.

(B). MEASUREMENT OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The Chief Finance Officer has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports to the Board of Directors through the Managing Director.

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

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

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred."

(C). RECOVERY OF DEFERRED TAX ASSETS

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

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

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

(D). REVENUE RECOGNITION

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

(E). CONTINGENCIES

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

(F.) ESTIMATED USEFUL LIVES AND RESIDUAL VALUES OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

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

(G). RECOVERABILITY OF FINANCIAL ASSETS

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

(H). PROVISION FOR OBSOLETE INVENTORY

The Company reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in profit or loss, the Company makes judgements as to whether there is any observable data indicating that there is any future saleability of the product and the net realizable value for such product. Accordingly, provision for impairment, if any, is made where the net realizable value is less than cost based on best estimates by the management.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except where otherwise indicated.

(A) FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are translated and recorded in Nigerian Naira at the spot rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the rates of exchange prevailing at that date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate on the date of the transaction.

Foreign currency differences arising on translation are recognized in profit or loss.

(B) FINANCIAL INSTRUMENTS

(i) Recognition and initial measurement

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

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

(Ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Classification and subsequent measurement

Financial assets – Business model assessment

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

• the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether the directors' strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

• how the performance of the portfolio is evaluated and reported to the directors

• the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

• how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

• the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales andexpectations about future sales activity.

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

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

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

• contingent events that would change the amount or timing of cash flows;

• terms thatmay adjust the contractual coupon rate, including variable-rate features;

• prepayment and extensionfeatures; and

• terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

Classification and subsequent measurement

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

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

Financial assets at amortised costt

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

"Financial liabilities – Classification, subsequent measurement and gains and losses Financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Offsetting

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

(C) PROPERTY, PLANT AND EQUIPMENT

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 January 2011, the Company's date of transition to IFRS, was determined with reference to their fair value at that date being the deemed cost on transition to IFRS.

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

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

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

ii Subsequent expenditure

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

iii Depreciation

Depreciation is calculated to write off the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

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

Land	Not depreciated
Buildings	10 to 25 years
Plant and Machinery	10 to 20 years
Furniture and Fittings	5 years
Automotive equipment	4 to 10 years
Computer equipment	3 years
Office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

(D) INTANGIBLE ASSETS

(i) Recognition and measurement

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. The Company's intangible assets with finite useful lives comprise acquired software. These are capitalised on the basis of acquisition costs as well as costs incurred to bring the assets to use.

(ii) Subsequent expenditure

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

(iii) Amortisation of intangible assets

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The useful life for computer software is 3 years.

(E) LEASES

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset fora period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.
This policy is applied to contracts entered into, on or after 1 January 2020.

i. As a lessee

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

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

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

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

Lease payments included in the measurement of the lease liability comprise the following:

• fixed payments, including in-substance fixed payments;

• variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

• amounts expected to be payable under a residual value guarantee; and

• he exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under aresidual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low- value assets (i.e below NGN 1 million) and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

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

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right- of- use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifiesthe sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

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

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

(F) INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition but excludes reimburseable costs or other costs subsequently recoverable by the Company. In the case of manufactured/ blended inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

The basis of costing inventories are as follows:

Product Type	Cost Basis
a) Refined petroleum products AGO, ATK, PMS, DPK b) Packaging materials, lubricants and greases	Weighted average cost
c) Inventories-in-transit	Purchase cost incurred to date

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

(g) Impairment

i Non-derivative Financial Assets

Financial assets not classified at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets maybe impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a Company of financial assets

The Company considers evidence of impairment for these assets at both an individual asset and collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics

In assessing collective impairment, the Company uses historical information on timing of recoveries and the amount of loss incurred, and makes adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

ii Non-Financial Assets

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

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

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

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

(h) Employee benefits

i Defined contribution plan

A defined contribution plan is a post-employment benefit plan (pension fund) under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

In line with the provisions of the Pension Reform Act 2014, the Company has instituteda defined contribution pension scheme for its permanent staff. Employees contribute 8% each of their basic salary, transport and housing allowances to the Fund on a monthly basis. The Company's contribution is 10% of each employee's basic salary, transport and housing allowances. Staff contributions to the scheme are funded through payroll deductions while the Company's contribution is recognised in profit or loss as employee benefit expense in the years during which services are rendered by employees.

ii ii Defined benefit plan

The Company's net obligation in respect of defined benefit scheme was calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years and that benefit was discounted to determine its present value. In determining the liability for employee benefits under the defined benefit scheme, consideration was given to future increases in salary rates and the Company's experience with staff turnover.

The recognised liability was determined by an independent actuarial valuation every year using the projected unit credit method. Actuarial gains and losses arising from differences between the actual and expected outcome in the valuation of the obligation were recognised fully in Other Comprehensive Income. The effect of any curtailment is recognised in full in profit or loss immediately the curtailment occurs. The discount rate is the yield on Federal Government of Nigeria issued bonds that have maturity dates approximating the terms of the Company's obligation. Although the scheme was not funded, the Company ensured that adequate arrangements were in place to meet its obligations under the scheme.

Other long-term employee benefits

The Company's other long-term employee benefits represents a Long Service Award scheme instituted for all permanent employees. The Company's obligations in respect of this scheme is the amount of future benefits that employees have earned in return for their service in the current and prior years. The benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Federal Government of Nigeria issued bonds that have maturity dates approximating the term of the Company's obligation. The calculation is performed using the Projected Unit Credit method. Remeasurements are recognised in profit or loss in the year in which they arise. Although the scheme was not funded, the Company ensured that adequate arrangements were in place to meet its obligations under the scheme.

iii Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting year, then they are discounted.

iv Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonuses if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(I) PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

Provisions

Provisions comprise liabilities for which the amount and timing are uncertain. They arise from legal and tax risks, litigation and other risks. A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

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.

(J) REVENUE

Revenue from the sale of non-regulated products in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of value added tax, sales returns, trade discounts, volume rebate. Revenue is recognized when persuasive evidence exists that significant control of ownership have been transferred to the buyer, recovery of the agreed transaction price is probable, performance obligation(s) have been fulfilled. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Revenue for regulated products is measured at the regulated price of the products net of standard transport cost directly recoverable from the prices of regulated products.

The timing of the transfer of control of ownership of the product varies depending on whether the customer collects the products himself or the Company delivers to the customer using the third party transporters. For the former, revenue is recognized when the customer picks up the products from the Company's depots and the latter, when delivery is made; hence, revenue is recognised at a point in time.

(K) FINANCE INCOME AND FINANCE COSTS

Finance income comprising of interest income on funds invested, foreign currency gain on financial assets and financial liabilities, and reimbursement of any foreign exchange loss or interest from Petroleum Product Pricing Regulatory Agency (PPPRA). Finance income is recognized as it accrues in profit or loss.

Finance costs comprises interest expense on borrowings, bank charges, foreign currency loss on financial assets and financial liabilities, unwinding of the discount on provisions. Interest expenses are recognized in profit or loss using the effective interest method. Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the related assets. Finance costs that are directly attributable to the importation of Premium Motor Spirit (PMS) are classified as trade and other receivables.

Foreign currency gains and losses are reported on a net basis.

(L) INCOME TAX

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Company is subject to the Companies Income Tax Act (CITA), Tertiary Education Trust Fund (Establishment Act 2011) and Capital Gains Tax Act. Tertiary education tax is assessed at 2% of assessable profit, Capital gains tax at 10% of chargeable capital gains while Company income tax is assessed at 30% of adjusted profit.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets andliabilities are offset only if certain criteria are met.

(iii) MINIMUM TAX

The Company is subject to the Companies Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two components namely, Company Income Tax (based on taxable income (or loss) for the year); and Minimum tax (determined as 0.25% of the qualifying company's turnover less franked investment income).

(M) WITHHOLDING TAX RECEIVABLES

Withholding taxes (WHT) are advance payments of income taxes deducted by the Company's customers at source upon invoicing. WHT receivables are measured at cost.

The Company offsets the tax assets arising from WHT credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realized.

Tax asset written down are recognized in profit or loss as income tax expense.

(N) EARNINGS PER SHARE (EPS)

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(O) SEGMENT REPORTING

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are reviewed regularly by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(P) STATEMENT OF CASH FLOWS

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Finance costs paid is also included in financing activities while finance income is included in investing activities.

(Q) GOVERNMENT GRANTS

Petroleum Products Pricing Regulatory Agency (PPPRA) subsidies which compensate the Company for losses made on importation of certain refined petroleum products are recognised when there is reasonable assurance that they will be recovered and the Company has complied with the conditions attached to receiving the subsidy. The subsidies are recognised as a reduction to the landing cost of the subsidised petroleum product.

(R) JOINT ARRANGEMENT

The Company's joint arrangement is in respect of its interests in joint aviation facilities held with other parties. These Financial Statements include the Company's share of assets, liabilities, revenue and expenses of the joint arrangement.

(S) SHARE CAPITAL

The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price is recorded in the share premium reserve.

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects are recognised as a deduction from equity.

(T) OPERATING PROFIT

Operating profit is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

(U) DIVIDEND

Dividend is accrued when declared, being when it is appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting year but not distributed at the end of the reporting year.

(V) OPERATING EXPENSES

Expenses are decreases in economic benefits during the accounting year in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Expenses are recognized on an accrual bases regardless of the time of spending cash. Expenses are recognized in the statement of profit or loss when a decrease in future economic benefit related to a decrease in an assets or an increase of a liability has arisen that can be measured reliably.

Expenses are measured at historical cost. Only the portion of cost of a previous year that is related to the income earned during the reporting year is recognized as an expense. Expenses that are not related to the income earned during the reporting year, but expected to generate future economic benefits, are recorded in the financial statement as assets. The portion of assets which is intended for earning income in the future years shall be recognized as an expense when the associated income is earned.

Expenses are recognized in the same reporting year when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting year and when they are not expected to generate any income during the coming years.

(W) COST OF SALES

Cost of sales represents decreases in economic benefits during the accounting year that are directly related to revenue-generating activities of the Company.
Cost of sales is recognized on an accrual bases regardless of the time of spending cash and measured at historical cost.

Only the portion of cost of a previous year that is related to revenue earned during the reporting year is recognized as Cost of sales.

(X) OTHER INCOME

The Company recognizes income from rental of some of its space, filling stations, certain equipment to partners. Other income includes all other earnings that are not directly related to sale of its products.

Gain or loss on disposal of property, plant and equipment is included in other income.

4. New and amended IFRS standards

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

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2021, but do not have any material impact on the financial statements of the Company.

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

Effective January 2021, the IASB issued Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

These amendments modify financial assets, financial liabilities and lease liabilities.

A practical expedient for modifications required by the reform (modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate.

Hedge accounting requirements.

Under the amendments, hedge accounting is not discontinued solely because of the IBOR reform. Hedging relationships (and related documentation) must be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements.

Disclosures.

In order to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition, the amendments require that an entity discloses information about the interest rate benchmark.

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

Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. These has no impact on the financial statement of the company, but may impact future periods should the company have any rent concessions.

Amendments to References to the Conceptual Framework in IFRS Standards

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

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

Amendments to IFRS 3: Definition of a Business

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

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

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

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

Amendments to IAS 1 and IAS 8: Definition of Material

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

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

a. Conceptual Framework for Financial Reporting issued on 29 March 2018

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

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

These amendments had no impact on the financial statements of the Company.

b. Amendments to IAS 1 and IAS 8: Definition of Material

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

c. Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

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

4.2 New and revised IFRS Standards in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for December 2021 reporting periods and have not been early adopted by the Company.

The Company does not expect the new accounting standards and interpretations to have a material impact on its current or future reporting periods.

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

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

Effective for annual periods beginning on or after 1 January 2023 and must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 – Onerous Contracts —Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018–2021

The Annual Improvements include amendments to four Standards.

a. IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

b. IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10% test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) andthe lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

c. IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

5. REVENUE

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Premium Motor Spirit (PMS) (Regulated Product)	60,202,519	31,674,841
Automotive Gas Oil (AGO)	4,990,710	4,008,886
Dual Purpose Kerosene (DPK)	-	9,421
Aviation Turbine Kerosene (ATK)	3,009,964	2,265,465
Lubricants and Greases	3,625,831	3,806,506
Liquidified Petroleum Gas (LPG)	147,231	216,320
	71,976,255	**41,981,439**

Revenue is recognised at a point in time and sales are mostly made to customers in Nigeria. Information on analysis of revenue by category is shown in Note 33.

6. OTHER INCOME

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Rental and lease income (Note 6((a))	69,759	35,716
Sundry income (Note 6(b))	619,103	194,685
Statute barred dividend	-	121,328
Income on storage services	227,489	169,791
Reversal of over-accrual of NNPC charges	394,967	-
Reversal of interest on lease liability	11,513	-
Profit on disposal of ROU Assets	56,665	-
	1,379,496	**521,520**

a) Rental and lease income relates to income earned on assets that are on operating lease arrangements to third parties. Assets on lease include filling stations and related equipment (generators and dispenser pumps).

b) Sundry income represents service fees for handling and other fees earned in the delivery of products. Also included in current year's sundry income is the reversal of N349.6 million over-accrual of PEF charges as a result of reconciliation performed in the current year.

7. EXPENSES BY FUNCTION

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Cost of sales (Note 8)	66,831,653	38,523,436
Selling and distribution expenses (Note 9)	1,523,132	1,025,540
Administrative expenses (Note 10)	4,656,466	4,993,908
	73,011,251	**44,542,884**

8. COST OF SALES

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Premium Motor Spirit (PMS)	56,705,459	29,375,409
Automotive Gas Oil (AGO)	4,681,085	3,682,988
Dual Purpose Kerosene (DPK)	-	1,259
Aviation Turbine Kerosene (ATK)	2,705,430	2,589,023
Lubricants and greases	2,610,526	2,703,793
Liquidified Petroleum Gas (LPG)	129,153	170,964
	66,831,653	**38,523,436**

9. SELLING AND DISTRIBUTION EXPENSES

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Freight expense	1,317,197	889,887
Rental of service stations, buildings and equipment	203,654	111,212
Advertising	2,281	24,440
	1,523,132	**1,025,540**

10. ADMINISTRATIVE EXPENSES

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Depreciation (Note 15(a))	508,698	1,346,678
Depreciation on ROU Assets (Note 30)	111,551	143,000
Amortization of intangible assets (Note 16)	272	2,358
Changes in inventories of lubes, greases and refined products	29,210	22,463
Rental of service stations, buildings and equipment	318	284
Consultancy expense	137,312	120,005
Maintenance expense	600,680	584,815
Advertising expenses	5,927	2,498
Management fees (Note 32 (c))	440,398	411,322
Director's remuneration (Note 12(b)(iv))	18,995	17,965
Employee benefit expense (Note 12 (b)(i))	386,305	468,154
Bank Charges	59,455	70,359
Auditor's remuneration	30,000	24,000
Loss on sale of Property, plant and equipment	491,229	211,949
Loss on disposal of ROU asset	-	100,955
Local and international travel	36,482	24,828
Office expenses and supplies	436,627	331,972
Communication and postage	230,196	139,432
Insurance premium	105,796	100,924
Contract labour	439,298	465,209
Sponsorships and donations	36,485	50,200
Licenses and Levies	91,920	40,649
Utilities	25,938	13,380
Subcriptions	43,378	61,713
Board meetings and AGM expenses	7,598	6,726
Security	39,024	40,744
Other office running expenses	133,229	191,326
Net foreign exchange loss	210,145	-
	4,656,466	**4,993,908**

11. FINANCE INCOME AND FINANCE COSTS

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Finance income		
Interest income on short-term bank deposits	33,278	8,879
Total finance income	**33,278**	**8,879**

Finance cost arising from financial liabilities measured at amortised cost

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Interest expense	300,516	706,061
Finance costs - others		
Other finance charges	-	103,893
Unwind of discount on site restoration provision	5,899	6,668
Interest on lease liability (Note 30)	69,918	83,691
Net foreign exchange loss	-	189,297
Total finance costs	**376,333**	**1,089,611**
Net finance costs	**(343,055)**	**1,080,732**

12. PROFIT/(LOSS) BEFORE TAXATION

a) Profit/(loss) before income tax is stated after charging/(crediting):

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Depreciation (Note 15)	508,698	1,346,678
Amortisation of intangible assets (Note 16)	272	2,358
Management fees (Note 32(c))	440,398	411,322
Director's remuneration (Note 12(b)(iv))	18,995	17,965
Employee benefit expense (Note 12(b)(i))	386,305	468,154
Auditor's remuneration	30,000	24,000
Loss on sale of property, plant & equipment (Note 10)	491,229	211,949
Impairment of petroleum equalization fund receivables (Note 31(a))	2,651	53,273
Impairment/(reversal) of impairment of related party receivables (Note 31(a))	11,628	(159,093)
Reversal of Impairment of inventory (Note 21a)	(14,679)	(56,116)
Reversal of impairment on trade receivables (Note 31(a))	(337,858)	(315,710)
Net foreign exchange loss	210,145	189,297

b) Directors and employees

i) Employee costs during the year comprise:

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Salaries and wages	303,418	357,567
Other employee benefits	52,032	75,458
Employer's pension contribution	29,373	34,238
Other long term employee benefit charge	1,482	891
	386,305	**468,154**

ii) The average number of full-time persons employed during the year (other than executive directors) was as follows:

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Administration	32	24
Technical and production	9	14
Operations and distribution	29	31
Sales and marketing	21	28
	91	**97**

iii) Higher-paid employees of the Company and other than directors, whose duties were wholly or mainly discharged in Nigeria,

received remuneration in excess of ₦10,000,000 (excluding pension contributions) in the following ranges:

			31 Dec. 2021	31 Dec. 2020
			₦'000	₦'000
1,000,001	-	2,000,000	3	3
2,000,001	-	3,000,000	11	10
3,000,001	-	4,000,000	8	4
4,000,001	-	5,000,000	41	40
5,000,001	-	6,000,000	19	24
6,000,001	-	7,000,000	2	4
7,000,001	-	8,000,000	2	3
8,000,001	-	9,000,000	2	2
9,000,001	-	10,000,000	1	2
10,000,001	-	Above	2	5
			91	**97**

iv) Remuneration for Directors of the Company charged to profit or loss account are as follows:

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Fees	5,500	5,500
Other emoluments	13,495	12,465
	18,995	**17,965**
The Directors' remuneration shown above includes:		
Chairman	-	-
Highest paid Director	**5,045**	**3,110**

Other directors received emoluments in the following ranges:

			Number	
			31 Dec. 2021	31 Dec. 2020
Nil			-	-
1,000,001	-	2,000,000	-	5
2,000,001	-	3,000,000	1	1
3,000,001	-	4,000,000	3	-
4,000,001	-	5,000,000	-	-
5,000,001	-	6,000,000	-	-
			4	**6**

13 LOSS PER SHARE (EPS) AND DIVIDEND DECLARED PER SHARE

a) Basic EPS

Basic earning/(loss) per share of ₦1.12 (December 2020: loss per share ₦-7.43) is based on profit attributable to ordinary shareholders of ₦339,873 (2020: loss of ₦-2.26b) and on the 304,786 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the period (Dec. 2020: 304,786).

	31 Dec. 2021	31 Dec. 2020
	₦'000	**₦'000**
Earnings/(Loss) for the year attributable to shareholders (expressed in Naira)	339,873	(2,264,145)
Weighted average number of ordinary shares in issue ('000)	304,786	304,786
Basic earnings/(loss) per share (expressed in Naira per share)	**1.12**	**(7.43)**

b) Diluted Earnings per share

The Company had no dilutive ordinary shares to be accounted for in these financial statements.

c) Dividend declared per share

No dividend were declared during the year (2020: Nil) on 304,786,406 ordinary shares of 50 kobo each, being the ordinary shares in issue during the year (2020: Nil)

14 TAXATION

a) Applicability of the Finance Act, 2021

The Finance Act 2021 became effective on 1st January, 2022 and introduced significant changes to some sections of the Companies Income Tax Act (CITA). The Company has applied the CITA related provisions of the Finance Act in these financial statements.

bi) Minimum tax

The Company has applied the provisions of the Companies Income Tax Act that mandates a minimum tax assessment, where a qualifying taxpayer does not have a taxable profit which would generate an eventual tax liability when assessed to tax. The Company's assessment based on the minimum tax legislation for the year ended 31 December 2021 is NGN 183.4 million (Dec. 2020: NGN 103.4 million)

ii) Minimum tax

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

Amounts recognized in profit or loss

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Current tax expense:		
Income tax	183,425	
Tertiary education tax	21,973	103,374
NASENI	802	-
	206,200	**103,374**
Deferred tax (credit)/expense:		
Origination and reversal of temporary differences	(221,048)	(491,298)
Income tax credit	**(14,848)**	**(387,924)**

c) Reconciliation of effective tax rates

The tax on the Company's profit before tax differs from the theoretical amount as follows:

	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	%	%	₦'000	₦'000
Profit/(loss) before minimum tax and income tax			325,025	(2,652,069)
Income tax using the statutory tax rate	30.00	24.66	97,507	(654,021)
Impact of tertiary education tax	2.50	1.64	8,126	(43,601)
Impact of National Agency for Science and Engineering Infrastructure	0.09	-	293	-
Impact of minimum tax	63.44	(3.90)	206,200	103,374
Effect of tax incentives	(150.17)	0.31	(488,084)	(8,339)
Non deductible expenses	52.16	(0.01)	169,520	386
Difference in CIT rate and TET rate	(2.59)	-	(8,409)	-
Changes in estimates related to prior periods	-	(4.43)	-	117,447
Other differences	-	(3.65)	-	96,830
Total income tax expense in income statement	**(4.57)**	**14.63**	**(14,847)**	**(387,924)**

*CIT- Company Income Tax, TET- Tertiary Education Tax

d) Movement in current tax liability

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Balance at beginning of the period	262,270	483,443
Payments during the period	(44,236)	(293,138)
Current tax charge	206,200	103,374
Withholding tax credit notes utilized (Note 20)	(60,717)	(31,408)
	363,517	**262,270**

e) Recognised deferred tax assets and liabilities

	Assets		Liabilities		Net	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	-	-	-	(1,361,153)	-	(1,361,153)
Employee benefits	-	6,484	-	-	-	6,484
Trade receivables	-	724,512	-	-	-	724,512
Truck loan receivables	-	-	-	(19,705)	-	(19,705)
Other receivables	-	37,274	-	-	-	37,274
Inventories	-	1,800	-	-	-	1,800
PPPRA receivables	-	-	-	(17,337)	-	(17,337)
PEF receivables	-	18,832	-	-	-	18,832
Related party receivable	-	(46,506)	-	-	-	(46,506)
Net unrealised exchange differences	-	-	-	(627,053)	-	(627,053)
Finance Leases	-	57,503	-	-	-	57,503
Provisions - ARO	-	4,879	-	-	-	4,879
Right of Use Assets	-	36,192	-	-	-	36,192
Unrelieved Losses	-	963,230	-	-	-	963,230
	-	**1,804,200**	**-**	**(2,025,248)**	**-**	**(221,048)**

Deferred tax has been computed in line with IAS 12 resulting to deferred tax asset of N229,047,833 (2020: deferred tax liability of N221,048,000). Deferred tax asset has been recognised to the tune of N221,048,000 (i.e. the deferred tax liability as at end of prior year) in respect of deductible temporary difference. No deferred tax asset has been recognised in respect of the remaining deferred tax credit of N229,047,833 as it is not probable that there will be sufficient taxable profit in the future to offset the credit.

f) Movement in temporary differences during the year

	1-Jan-20	Recognised in Profit or loss	31-Dec-20	Recognised in Profit or loss	31-Dec-21
	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	(1,723,491)	362,338	(1,361,153)	1,361,153	-
Employee benefits	5,277	1,207	6,484	(6,484)	-
Trade receivables	836,719	(112,207)	724,512	(724,512)	-
Truck loan receivables	(19,705)	-	(19,705)	19,705	-
Other receivables	37,274	-	37,274	**(37,274)**	-
Inventories	1,800	-	1,800	**(1,800)**	-
PPPRA receivables	(3,079)	**(14,258)**	(17,337)	17,337	-
PEF receivables	18,832	-	18,832	**(18,832)**	-
Related party receivable	14,878	(61,384)	(46,506)	**46,506**	-
Net unrealised exchange differences	(192,330)	**(434,723)**	(627,053)	627,053	-
Finance Leases	30,876	26,627	57,503	(57,503)	-
Provisions - ARO	2,749	2,130	4,879	(4,879)	-
Right of Use Assets	9,688	26,504	36,192	(36,192)	-
Unrelieved Losses	268,166	695,064	963,230	(963,230)	-
	(712,346)	**491,298**	**(221,048)**	**221,048**	**-**

15 Property, Plant and Equipment

a) The movement on these accounts was as follows:

	Leasehold	Building	Plant & Machinery	Automotive Equipment	Computer & Office Equipment	Furniture & Fittings	Capital Work in Progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost								
Balance at 1 January 2020	**8,558,447**	**6,695,411**	**10,713,558**	**1,321,876**	**968,831**	**212,426**	**487,801**	**28,958,350**
Additions	-	113,122	204,429	-	11,465	3,756	96,940	429,713
Transfers		151,147	58,085	6,092	3,995	3,602	(223,222)	(300)
Disposals/Scrap	(189,495)	(172,270)	(127,532)	(24,130)	(20,840)	(3,142)	-	(537,410)
Balance as at 31 December 2020	**8,368,952**	**6,787,410**	**10,848,540**	**1,303,838**	**963,451**	**216,642**	**361,519**	**28,850,353**
Cost								
Balance at 1 January 2021	8,368,952	6,787,410	10,848,540	1,303,838	963,451	216,642	361,519	28,850,353
Additions	32,300	284,030	564,043	64,482	27,937	7,997	124,803	1,105,592
Transfers*	-	5,617	-	-	-	3,188	(8,805)	-
Disposals	(312,417)	(384,560)	(1,071,201)	(98,091)	(52,226)	(9,102)	-	(1,927,597)
Balance as at 31 December 2021	**8,088,835**	**6,692,497**	**10,341,382**	**1,270,229**	**939,161**	**218,726**	**477,517**	**28,028,348**
Accumulated depreciation and impairment								
Balance as at 1 January 2020	**-**	**2,454,340**	**8,471,819**	**1,017,131**	**851,379**	**191,742**	**-**	**12,986,411**
Charge for the year	-	257,835	965,427	91,406	27,295	4,715	-	1,346,678
Disposal	-	(89,666)	(108,837)	(23,716)	(19,801)	(3,001)	-	(245,021)
Balance as at 31 December 2020	-	**2,622,509**	**9,328,409**	**1,084,821**	**858,873**	**193,456**	**-**	**14,088,068**
Accumulated depreciation and impairment								
Balance as at 1 January 2021	**-**	**2,622,509**	**9,328,409**	**1,084,821**	**858,873**	**193,456**	**-**	**14,088,068**
Charge for the year	-	259,663	177,752	38,341	27,261	5,680	-	508,698
Disposal	-	(175,838)	(983,808)	(94,655)	(49,616)	(7,054)	-	(1,310,971)
Balance as at 31 December 2021		**2,706,334**	**8,522,353**	**1,028,507**	**836,518**	**192,082**	**-**	**13,285,795**
Carrying amounts								
Balance as at 31st December 2021	**8,088,835**	**3,986,162**	**1,819,028**	**241,722**	**102,643**	**26,643**	**477,517**	**14,742,550**
Balance as at 31st December 2020	**8,368,952**	**4,164,901**	**1,520,131**	**219,017**	**104,578**	**23,186**	**361,519**	**14,762,285**

*Included in the amount transferred from Capital Work in progress balance is NGN300,000 additional software cost during the prior year recognised in intangible asset

b) Capital commitments

Capital expenditure commitment at the year-end authorised by the Board of Directors comprise:

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Capital commitment	**171,180**	**50,037**

16. INTANGIBLE ASSETS

Intangible assets relate to the Company's accounting software application package and license. The movement on these accounts during the year was as follows:

	31 Dec. 2021	31 Dec. 2020
Cost	₦'000	₦'000
Balance as at 1 January	283,560	283,260
Additions/Transfer from PPE	-	300
Balance	283,560	283,560
Accumulated amortization		
Balance as at 1 January	283,260	280,901
Charge for the year (Note 10)	272	2,358
Balance	283,531	283,260
Carrying amount	**29**	**300**

The amortization of accounting software is included in administrative expenses (Note 10)

b) The Company had recorded full impairment of the loan receivables on transition to IFRS 9 on 1 January 2018 as the Company believed that the outstanding truck loans were doubtful of recovery. During the period,there was no recovery of truck loan receivable (2020: N2.5 million) of previously impaired truck loan receivables. Consequently, the Company recorded a reversal of impairment in respect of these recoveries.

(c) Truck loan receivable

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Gross truck loan receivble	-	100,030
Impairment allowance	-	(100,030)
Net truck loan receivable	-	-

The Company's exposure to credit risks related to truck loan receivables are disclosed in Note 32(a).

18. TRADE AND OTHER RECEIVABLES

	2021	2020
	₦'000	₦'000
Trade receivables (Note 18(a))	1,855,217	1,747,485
Bridging claims (Note 18(b))	8,851,729	8,577,065
DMO holdback (Note 18(c))	1,600,000	1,600,000
Receivables from related parties (Note 18(d))	488,545	322,690
Employee receivables	21,727	12,426
Due from joint arrangement partners(Note 18((g))	9,554	23,058
Receivables from Registrar (18 (e))	23,971	24,855
Sundry receivables	28,176	47,428
Total financial assets	**12,878,919**	**12,355,008**
Non financial assets		

Advances paid to suppliers	2,620,725	9,097
	15,499,644	**12,364,105**

(a) Trade receivables

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Gross trade receivables	3,842,721	4,072,847
Impairment allowance	(1,987,504)	(2,325,362)
Net trade receivables	**1,855,217**	**1,747,485**

(b) Bridging claims

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Gross bridging claims	8,998,321	8,721,006
Impairment allowance (Note 32(a)(iv))	(146,592)	(143,941)
Net bridging claims	**8,851,729**	**8,577,065**

Bridging claims relate to reimbursables from the Nigerian Midstream and Downstream Petroleum Regulatory Authority (Petroleum Equalization Fund Management Board) for costs incurred on transportation of petroleum products from supply points to the retail

(c) DMO Holdback

DMO holdback is comprised of:

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Amount set aside for liabilities owed to financial institutions	1,600,000	1,600,000
	1,600,000	**1,600,000**

In the 2018 financial year, prior to the settlement of outstanding PSF receivables to the company, the Debt Management Office (DMO), held back the amounts owed to government agencies and financial institutions by the Company for direct settlement of those liabilities. The amount held back in respect of financial institutions was based on court orders issued by the Federal High Court in Abuja requiring that the amount be withheld by the DMO for direct settlement to the affected financial institutions . These liabilities relate to financing provided by those financial institutions to the Company for product importation in previous years. The relevant liabilities in respect of financial institutions are included in short term borrowings (Note 27).

(d) Due from related parties

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Gross receivable from related parties (Note 33 (e))	532,898	355,415
Impairment	(44,353)	(32,725)
Balance	**488,545**	**322,690**

The Company's exposure to credit risk and currency risks related to trade and other receivables are disclosed in Note 31(a).

(e) Receivables from Registrar (18 (e))

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Balance at 1 January	24,855	81,542
Excess receivable written down	(884)	(63,271)
Net off against dividend	-	6,585
Balance	**23,971**	**24,855**

This relates to portion of unclaimed dividend currently held by the company registrars.

(f) Sundry Receivables - Miscellaneous

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Balance at 1st January	3,888	76,392
Reclassification	(3,429)	72,504
Write off	(300)	
Balance	**159**	**3,888**

(g) Due from joint arrangement partners

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Balance at 1st January	23,058	23,058
Reclassification	11,726	-
Write off	1,778	-
Balance	**9,554**	**23,058**

19. PROMISSORY NOTE

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Promissory note from DMO (Note 18(a))	-	-

20. WITHHOLDING TAX RECEIVABLES

The movement on the withholding tax receivable account was as follows:

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Balance at 1 January	56,356	83,374
Additions	14,107	4,390
Withholding tax credit note utilised (Note 14(d))	(60,717)	(31,408)
Balance	**9,747**	**56,356**

Payments made by customers of the Company are subject to a withholding tax in accordance with the Nigerian tax laws. The amount withheld is available to offset the actual tax liabilities. Based on the current tax laws, these withholding taxes do not expire.

21. INVENTORIES

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Premium Motor Spirit (PMS)	307,755	2,249,011
Automotive Gas Oil (AGO)	171,680	21,276
Aviation Turbine Kerosene (ATK)	817,713	362,708
Lubricants and greases	1,975,310	1,170,925
Liquidified Petroleum Gas (LPG)	19,225	17,840
Low Pour Fuel Oil (LPFO)	4,119	4,119
Packaging materials and other sundry items	-	5,435
	3,295,802	**3,831,314**

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Gross inventory	3,389,859	3,910,692
Inventory write down (Note 21a)	(94,057)	(79,378)
Net inventory	**3,295,802**	**3,831,314**

(a) The movement in the allowance for write down in respect of inventories during the year was as follows:

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Balance as at 1st January	(79,378)	(23,262)
Net movement of inventory write down (Note 10)	(14,679)	(56,116)
Balance	**(94,057)**	**(79,378)**

22. Cash and cash equivalents

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Cash at bank and on hand	2,507,126	2,073,058
Short term deposits with banks	291,669	2,389,108
Cash and cash equivalents in the statement of financial position	2,798,795	4,462,166
Bank overdrafts used for cash management purposes	-	-
Cash and cash equivalents in the statement of cash flows	**2,798,795**	**4,462,166**

The Company's exposure to credit risk and currency risks are disclosed in Note 31 (a).

23. Equity

	2021	2020
	₦'000	₦'000
Authorised:	161,227	161,227
(a) Issued and fully allotted:	152,393	152,393
Issued and fully allotted:	**152,393**	**152,393**

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

(b) Retained earnings

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Balance as at 1 January	16,691,078	18,955,223
Earning/(Loss) for the year	339,873	(2,264,145)
Balance as at 31 December 2021	**17,030,951**	**16,691,078**

24. EMPLOYEES BENEFIT OBLIGATIONS

(a) The amounts outstanding at the end of the year with respect to employee benefit obligations are shown below:

	31 Dec. 2021	31 Dec. 2020
	₦'000	**₦'000**
Other long term employee benefits	6,632	15,935
Total employee benefits liabilities	**6,632**	**15,935**

(b) Other long term employee benefits comprise long service awards and it is funded on a pay-as-you-go basis by the Company. The provision was based on an independent actuarial valuation performed by Henre Prinsloo FRC/2018/NAS/00000018473, of QED Actuaries Nigeria Limited. The method of valuation used is the projected unit credit method.

(c) The movement on the provision for other long term employee benefits is as follows:

	31 Dec. 2021	31 Dec. 2020
	₦'000	**₦'000**
Balance as at 1 January	15,935	16,491
Included in profit or loss:		
Current service cost/Provision	3,587	3,247
Past service (income)/cost	(3,580)	-
Interest cost	1,408	2,472
Remeasurement gains (net)	(7,784)	(4,828)
Net charge to profit or loss	***(6,369)***	***891***
Benefits paid by the employer	(2,934)	(1,447)
Balance	**6,632**	**15,935**

(d) Actuarial Assumptions

Key actuarial assumptions relating to measurements of employee benefit obligations involves estimates and assumptions, but is not considered to have a risk of material adjustment for the period ending 31 December 2021 as the balance is not material to the financial statements

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	31 Dec. 2021	31 Dec. 2020
	%	%
Long-term average discount rate (p.a.)	13.2%	7.8%
Future average pay increase (p.a.)	12.0%	12.0%
Average rate of inflation (p.a.)	9.0%	9.0%
Gift Benefit Increase Rate	6.0%	6.0%
Average Duration in years (Long Service Awards)	5	5

These assumptions depict management's estimate of the likely future experience of the Company.

Due to unavailability of published reliable demographic data in Nigeria, the demographic assumptions regarding future mortality are based on the rates published jointly by the Institute and Faculty of Actuaries in the UK. The data were rated down by one year to more accurately reflect mortality in Nigeria as follows:

Mortality in Service	No of deaths in year out of 10,000 lives	
	31 Dec. 2021	31 Dec. 2020
Sample age	%	%
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

	Rates	
Withdrawal from service	31 Dec. 2021	31 Dec. 2020
Age band	%	%
≤34	3	3
34-44	5	5
45-55	3	3
56-59	2	2
60	100	100

It is assumed that all the employees covered by the long service award scheme would retire at age 60 (2020: age 60).

Sensitivity Analysis

Below is the sensitivity analysis of the principal actuarial assumptions adopted in determining the employee benefit liabilities:

Mortality in Service	Long Service Award	
Sample age	%	₦'000
Discount rate	-1%	7,020
	+1%	6,820
Salary increase rate	-1%	6,251
	+1%	7,046
Mortality rate - Age rated down by 1 year	-1%	6,647
Age rated up by 1 year	+1%	6,614

25. DIVIDENDS

(a) Declared dividends

No dividends were declared by the Company during the year (2020: Nil). No bonus shares were also proposed (2020: nil)

(b) Dividend Payable

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Balance as at 1 January	170,735	285,486
Payments	-	(8)
Dividend write off/on	(884)	6,585
Unclaimed dividend returned by Registrar	-	-
Unclaimed dividend written back to retained earnings (see 25(d))	(28,462)	(121,328)
Balance	**169,851**	**170,735**

(c) Included in the dividend payable balance at period end is an amount of NGN 23.97 million (2020: NGN24.86 million), which is held with the Company's registrar, First Registrars and Investor Services Limited. The dividend payable as at period end does not attract interest.

(d) No unclaimed dividend was reversed during the year (2020; NGN 121.33 million) back into retained earnings.

26. TRADE AND OTHER PAYABLES

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Trade payables (Note 26(a))	4,501,434	5,646,158
Accrued expenses	1,100,268	794,326
Amounts due to joint arrangement partners (Note 26(b))	145,558	144,816
Bridging allowance (Note 26(c))	5,699,151	4,393,420
Amounts due to related parties (Note 32(e))	3,750,350	2,914,272
Total financial liabilities	15,196,761	13,892,992
Non financial liabilities		
Statutory deductions (Note 26(d))	280,792	269,150
Advances received from customers (Note 26(e))	310,771	1,126,354
Security deposits(Note 26(f))	1,674,725	1,693,582
	2,266,288	**3,089,086**
	17,463,049	**16,982,078**

(a) Included in trade payables is an amount of NGN2.5 billion, due to one of the Company's vendors which bears interest on expiration of credit policy granted to the Company (2020: NGN3.9 billion). The interest charged is included in interest expense. (Note 11).

(b) Amount relates to cash received from other parties of the Joint Aviation Facility for the running of the facility by the Company.

(c) Bridging allowance represents amount due to the Nigerian Midstream and Downstream Petroleum Regulatory Authority as its contribution to the Fund. It is charged on every litre of product lifted from Pipelines and Product Marketing Company.

(d) This represents statutory deductions which are mandated by law or statute. They include Value Added Tax (VAT), Withholding Tax (WHT) liabilities and Pay-As-You-Earn (PAYE) liabilities, which are to be remitted to the relevant tax authorities.

(e) Amount relates to cash received from customers in advance for sale of products. These amounts are utilised for the purpose of supplies of products at any point in time when the customer decides to take delivery of the relevant products.
The Company's exposure to liquidity risk and currency risks are disclosed in Note 31(b).

(f) These are collateral deposits paid by dealers who maintain credit facilities with the Company. These amounts are set-off against trade receivables from these dealers on a periodic basis to cater for probable losses from sales to customers. See Notes 31(a)(ii).
These deposits do not bear interest and are refundable to the dealers at anytime they or the Company terminates the business arrangements in the event that the amount is in excess of the outstanding receivable**.**

27. SHORT TERM BORROWINGS

	31 Dec. 2021	31 Dec. 2020
	₦'000	**₦'000**
Bank borrowing (Import Finance and other short term facilities)	1,411,105	1,411,105
Total Borrowings	**1,411,105**	**1,411,105**

Movement of short term borrowings received to statement of cash flows is as follows:

	31 Dec. 2021	31 Dec. 2020
	₦'000	**₦'000**
Balance as at 1 January	1,411,105	1,313,339
Additions	-	2,500,000
Repayments	-	(2,500,000)
Refund of interest	-	97,766
Balance	**1,411,105**	**1,411,105**

The Company's exposure to liquidity risk and currency risks are disclosed in Note 31(b) and 31(c) respectively.

28. PREPAYMENTS

	31 Dec. 2021	31 Dec. 2020
	₦'000	**₦'000**
Prepayments-Rent, Insurances & others	56,415	111,085
	56,415	**111,085**

The Company leases a number of offices and service stations under both cancellable and non- cancellable leases. In 2020, leases previously classified as operating leases have been reclassified as right of use assets in line with IFRS 16.

	31 Dec. 2021	31 Dec. 2020
	₦'000	**₦'000**
Non current portion	-	-
Current portion	56,415	111,085
	56,415	**111,085**

Movement in prepayment

	31 Dec. 2021	31 Dec. 2020
	₦'000	**₦'000**
Balance as at 1st January	111,085	118,602
Additions	250,166	235,765
Release to profit or loss	(304,835)	(243,282)
Balance	**56,415**	**111,085**

29. PROVISIONS

	31 Dec. 2021	31 Dec. 2021
	₦'000	₦'000
Balance as at 1st January	98,720	102,461
Provisions made during the year	5,899	6,668
Unwind of discount on site restoration provision	(6,189)	(10,409)
Balance	**98,430**	**98,720**
Non-current	52,291	52,581
Current	46,139	46,139
	98,430	**98,720**

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Legal	46,139	46,139
Asset retirement obligation	52,291	52,581
	98,430	**98,720**

Legal provisions relate to legal claims which the Company has a present legal obligation for and it is probable that an outflow of economic benefits will be required to settle the obligations.
Asset retirement obligation relates to the estimate of costs to be incurred by the Company in dismantling and removing the underground tank and other structures on the leased land after the expiration of the lease.

30. LEASES

The Company leases land and thereafer constructs its fuelling stations. The leases typically run for an average period of 10 years, with an option to renew the lease after that date. Lease payments are usually renegotiated close to the expiration of the lease term to reflect market rentals.

Information about leases for which the Company is a lessee is presented below:

i. Right of use assets

Right of use assets related to leased land that do not meet the definition of lease property are presented as property, plant and equipment.

	Leasehold land	
	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Balance at 1st January	1,071,483	1,383,528
Disposal	(209,480)	(169,045)
Depreciation charge for the year	(59,670)	(143,000)
Balance as at 31 December 2021	**802,333**	**1,071,483**

ii. Amounts recognised in profit or loss

	69,918	83,691
Interest on lease liabilities	**69,918**	**83,691**

iii. Lease liability

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Balance at 1st January	653,732	632,536
Reversal of Accrued Lease Liability	(214,263)	(62,495)
Interest on lease liabilities	69,918	83,691
Balance as at 31st December 2021	**509,387**	**653,732**

The Company's exposure to liquidity risk is disclosed in Note 31(b).

Extension options

Some leases contain extension options exercisable by the Company at the expiration of the non- cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Company and not by the lessors. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

31. FINANCIAL RISK MANAGEMENT & FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the strategic and finance planning committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.
The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly by the strategic and finance planning committee to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Internal Audit undertakes both regular and ad hoc reviews of compliance with established controls and procedures, the results of which are reported to Senior Management of the Company and the audit committee.

(a) Credit risk

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

Impairment losses on financial assets recognised in profit or loss were as follows:

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Impairment (Reversal)/loss on trade receivables Note 31(a)(iv)	(337,858)	(315,710)
Reversal of Impairment loss on truck loan receivable (Note 31(a)(iv))	-	(2,500)
Impairment of Petroleum Equalization Fund receivables (Note 31(a)(iv))	2,651	53,273
Reversal of Impairment of PPPRA receivables (Note 31(a)(iv))	-	(44,558)
Reversal of Impairment of related party receivables (Note 31(a)(iv))	11,628	(159,093)
	(323,580)	**(468,588)**

i) Maximum credit exposure

The maximum exposure to credit risk for trade and other receivables at the reporting

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Trade receivables		
- Major customers	3,185,616	2,806,579
- Other customers	657,105	1,266,268
Gross total receivables	**3,842,721**	**4,072,847**
- Impairment allowance	(1,987,504)	(2,325,362)
Net total receivables	**1,855,217**	**1,747,485**
- Due from related parties	488,545	322,690
Due from regulators (Government entities)		
Petroleum Equalisation Fund (PEF)	8,851,729	8,577,065
DMO holdback	1,600,000	1,600,000
- Other receivables*	83,428	107,767
	12,878,919	**12,355,008**

ii) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis by an established credit committee headed by the Managing Director. Management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

The risk management committee has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's credit assessment process includes collecting cash deposits from customers. These deposits are non interest bearing and refundable, net of any outstanding amounts (if any) upon termination of the business relationship and are classified as current liability (Note 26 (f)). Credit limits are established for qualifying customers and these limits are reviewed regularly by the Credit Committee. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Credit Committee reviews each customer's credit limit in line with the customers' performance, feedback from sales team and perceived risk factor assigned to the customer. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 30 to 45 days for retail and commercial customers respectively.
In monitoring customer credit risk, customers are grouped according to their credit characteristics, which are: retail, aviation and commercial/industrial.

The Company is taking actions to limit its exposure to customers in general. In the current period, the Company made certain changes to its credit policy; reducing the credit exposure to aviation customers by dealing with them on a cash and carry basis as the Company's experience is that these customers have a higher risk of payment default than others.

The Company does not require collateral in respect of trade and other receivables. The Company does not have trade receivable for which no loss allowance is recognised because of collateral.

	31 Dec. 2021	31 Dec. 2020
Retail customers	841,911	2,437,153
Commercial and industrial	701,097	547,700
Aviation	729,136	1,087,994
	2,272,144	**4,072,847**

iii) Expected credit loss assessment as at 31 December 2021

Expected credit loss assessment for government and related party receivables at 31 December 2021

The Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements and management accounts of customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies (Moody's and Standard and Poors).

Exposures within each credit risk grade are segmented by counterparty type (PEF, PPPRA and related parties) and an ECL rate is calculated for each segment based on the probability of default and a consideration of forward looking information.

Expected credit loss assessment for trade receivables as at 31 December 2021

The Company uses an allowance matrix to measure the ECLs of trade receivables from customers, which comprise a large number of small to medium balances.

Loss rates are calculated using a ‘single default’ method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Single default rates are calculated separately for exposures in different segments based on common credit risk characteristics - mainly customer type.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2021.

Retail Customers* 31 December 2021	Weighted average loss ratez	Gross carrying amount	Loss allowance	Credit impaired
In thousands of Naira	%	₦'000		₦'000
Current (not past due)	50.64%	42,911	21,843	Yes
1–30 days past due	57.43%	59,314	34,244	Yes
31–60 days past due	62.14%	97,643	60,995	Yes
61–180 days past due	70.83%	51,852	36,918	Yes
181-365 days past due	91.92%	59,397	54,880	No
More than 365 days past due	100.00%	530,793	533,564	No
		841,911	**742,445**	

Retail Customers* 31 December 2020	Weighted average loss ratez	Gross carrying amount	Loss allowance	Credit impaired
In thousands of Naira	%	₦'000	₦'000	
Current (not past due)	4.18%	240,813	10,054	Yes
1–30 days past due	6.85%	424,814	29,092	Yes
31–60 days past due	13.51%	267,415	36,116	No
61–180 days past due	17.41%	483,100	84,124	No
181-365 days past due	35.04%	206,546	72,377	Yes
More than 365 days past due	100.00%	814,465	814,465	No
		2,437,153	**1,046,228**	

Commercial/industrial customers 31 December 2021	Weighted average loss ratez	Gross carrying amount	Loss allowance	Credit impaired
In thousands of Naira	%	₦'000		₦'000
Current (not past due)	39.85%	40,513	16,146	No
1–30 days past due	44.26%	65,630	29,046	Yes
31– 60 days past due	49.99%	80,275	40,129	Yes
61–180 days past due	56.49%	46,378	26,200	No
181–365 days past due	75.53%	95,347	72,019	Yes
More than 365 days past due	100.00%	372,953	372,953	Yes
		701,097	**556,493**	

Commercial/industrial customers 31 December 2020	Weighted average loss ratez	Gross carrying amount	Loss allowance	Credit impaired
In thousands of Naira	%	₦'000		₦'000
Current (not past due)	28.40%	188,416	53,510	Yes
1–30 days past due	33.74%	81,590	27,529	No
31–60 days past due	39.94%	45,386	18,127	No
61–180 days past due	53.16%	123,560	65,684	No
181-365 days past due	72.26%	54,448	39,345	No
More than 365 days past due	100.00%	54,300	54,300	No
		547,700	**258,495**	

Aviation customers 31 December 2021	Weighted average loss ratez	Gross carrying amount	Loss allowance	Credit impaired
In thousands of Naira	%	₦'000		₦'000
Current (not past due)	27.04%	55,393	14,976	Yes
1–30 days past due	53.61%	-	-	No
31–60 days past due	61.68%	-	-	No
61–180 days past due	65.76%	448	295	No
181-365 days past due	88.91%	-	-	No
More than 365 days past due	100.00%	673,296	673,296	No
		729,136	**688,566**	

Aviation customers 31 December 2020	Weighted average loss ratez	Gross carrying amount	Loss allowance	Credit impaired
In thousands of Naira	%	₦'000		₦'000
Current (not past due)	15.87%	43,105	7,668	No
1–30 days past due	39.39%	22,469	8,851	Yes
31–60 days past due	49.47%	982	486	No
61–180 days past due	54.58%	36,428	19,883	No
181-365 days past due	83.04%	2,543	2,112	Yes
More than 365 days past due	100.00%	982,467	982,467	Yes
		1,087,994	**1,021,468**	

Loss rates are based on actual credit loss experience over the past two to three years. These rates are adjusted to reflect economic conditions for the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables (forward looking information). Forward looking information is re-evaluated at every reporting date.

For instance, the Company determined that the Gross Domestic Product (GPD) has the most significant impact on the ability of the counterparties to settle receivables. Therefore, if GDP growth rate is expected to significantly deteriorate, over the next year, which can result in increased default, the historical default rate is adjusted.

iv) Movements in the allowance for impairment of financial assets

The movement in the allowance for impairment in respect of financial assets during the year was as follows.

	Balance 1-Jan-2020	Net remeasurement of loss allowance	Balance 31-Dec-2020	Recognised in profit orloss	Balance 31-Dec-2021
Truck loan receivables	102,530	(2,500)	100,030	-	100,030
Trade receivables	2,641,070	(315,710)	2,325,360	(337,858)	1,987,502
PEF receivables	90,669	53,273	143,942	2,651	146,593
Related party receivables	191,818	(159,093)	32,725	11,628	44,353
Total	**3,070,645**	**(468,588)**	**2,602,057**	**(323,579)**	**2,278,478**

The Directors have applied judgement in the Company's assessment of the recoverability of its trade and other receivables which are past due but not impaired. The significant judgement involved estimation of future cash flows and the timing of those cash flows. Based on the assessment of the Directors, the unimpaired balances are recoverable and accordingly, no further impairment is therefore recorded.

v) Due from Government entities

This relates to amounts receivable from PEF with respect to bridging claims.

Determination of amounts due are based on existing regulations/guidelines and impairment is only recognized when changes occur in the regulations that prohibit or limit recovery of previously recognized amounts. The bridging claims amounting to ₦9.0 billion (Dec 2020: ₦8.7 billion) recognized as receivable (Note 18), possibilities exist depending on negotiations that settl ement will occur via a set off to the extent of bridging allowances amounting to ₦5. 7billion (Dec 2020: ₦4.4 billion) recorded as a liability (Note 26). However, as the right of set off does not exist, the amounts have been presented gross in these financia l statements.

vi) Due from related parties

The Company has transactions with its parent and other related parties by virtue of being members of the MRS Group. Payment terms are usually not established for transactions within the Group companies and amounts receivable from members of the Group are contractually settled on a net basis. Related party receivable balances were assessed for impairment in accordance with IFRS 9.

vii) Other receivables

Other receivables includes employee receivables and other sundry receivables. The Company reviews the balances due from this category on a yearly basis taking into consideration functions such as continued business/employment relationship and ability to offset amounts against transactions due to these parties. Where such does not exist, the amounts are impaired. There were no impairment loss recognised in this category of receivables during the period. (Dec 2020: Nil).

viii) Cash and cash equivalents

The Company held cash and cash equivalents of ₦2.80 billion as at 31 December 2021 (Dec 2020: ₦4.50 billion), which represents its maximum credit exposure on these assets. The credit risk on this is not significant as cash and cash equivalent reside with banks that have good credit ratings issued by reputable international rating agencies.

(b) Liquidity risk

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

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

Typically, the credit terms with customers are more favourable compared to payment terms to its vendors in order to help provide sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disaster.

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

	Note	Carrying amount	Contractual cash flows	6 months or less
		₦'000	₦'000	₦'000
Non-derivative financial liabilities				
31 December 2021				
Overdraft and other short-term borrowings	27	1,411,105	1,411,105	1,411,105
Dividend payable	25	169,851	169,851	169,851
Trade and other payables*	26	15,196,761	15,196,761	15,196,761
		16,777,717	**16,777,717**	**16,777,717**
31 December 2020				
Overdraft and other short-term borrowings	28	1,411,105	1,411,105	1,411,105
Dividend payable	25	170,735	170,735	170,735
Trade and other payables*	26	13,892,992	13,892,992	13,892,992
		15,474,832	**15,474,832**	**15,474,832**

* Excludes advances received from customers, statutory liabilities and security deposit.

(c) Market risk

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

The Company manages market risks by keeping costs low through various cost optimization programs. Moreover, market developments are monitored and discussed regularly, and mitigating actions are taken where necessary.

Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company, primarily the Naira. The currency in which these foreign currency transactions primarily are denominated is US Dollars (USD). The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

In managing currency risk, the Company aims to reduce the impact of short-term fluctuations on earnings. The Company has no export sales, thus the exposure to currency risk in that regard is non existent. The Company's significant exposure to currency risk relates to its importation of various products for resale or for use in production. Although the Company has various measures to mitigate exposure to foreign exchange rate movement, over the longer term, however, permanent changes in exchange rates would have an impact on profit. The Company monitors the movement in the currency rates on an ongoing basis.

The following significant exchange rates were applied during the year.

	Average rate		Reporting date spot rate	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000	₦'000	₦'000
US Dollar	430.95	384.56	424.11	400.33
Euro	476.00	438.79	480.69	492.16

Interest rate risk profile

In managing interest rate risk, the Company aims to reduce the impact of short-term fluctuations in earnings. Dividend pay-out practices seek a balance between giving good returns to shareholders on one hand and maintaining a solid debt/equity ratio on the other hand.

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

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Fixed rate instruments		
Bank overdraft and borrowings	1,411,105	1,411,105
Trade payables*	**2,392,196**	**3,915,681**

*Included in trade payables is an amount of ₦2.5 billion (Dec 2019: NGN3.92 billion), due to one of the Company's vendors which bears interest on expiration of credit policy granted to the Company.

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the end of the reporting year would not affect profit or loss. The Company does not have variable rate instrument.

(d) Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors capital using a ratio of "adjusted net debt" to equity. For this purpose, adjusted net debt is defined as total borrowings less cash and cash equivalents.

The Company's adjusted net debt to equity ratio at the end of the reporting year was as follows:

	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Total borrowings (Note 27)	1,411,105	1,411,105
Less: Cash and cash equivalents (Note 22)	(2,798,795)	(4,462,166)
Adjusted net debt	**(1,387,690)**	**(3,051,061)**
Total equity	17,183,344	16,843,471
Total capital employed	15,795,654	13,792,410
Adjusted net debt to equity ratio	**(0.08)**	**(0.181)**

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

The Company is not subject to externally imposed capital requirements.

(e) Fair value disclosures

Accounting classifications and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value subsequent to initial recognition, because the carrying amounts are a reasonable approximation of their fair values.

The Company's financial instruments are categorised as follows:

31 December 2021	Carrying amount		
	Financial assets at amortised cost	Other financial liabilities	Total
	₦'000	₦'000	₦'000
Financial assets not measured at fair value			
Trade and other receivables (Note 18)	12,878,919	-	12,878,919
Cash and cash equivalents (Note 22)	2,798,795	-	2,798,795
	15,677,714	-	**15,677,714**
Financial liabilities not measured at fair value			
Short term borrowings (Note 27)	-	1,411,105	1,411,105
Trade and other payables (Note 26)	-	15,196,761	15,196,761
Dividend payable (Note 25)	-	169,851	169,851
	-	**16,777,717**	**16,777,717**

31 December 2020	Carrying amount		
	Financial assets at amortised cost	Other financial liabilities	Total
	₦'000	₦'000	₦'000
Financial assets not measured at fair value			
Trade and other receivables (Note 18)	12,355,008	-	12,355,008
Cash and cash equivalents (Note 22)	4,462,166	-	4,462,166
	16,817,174	**-**	**16,817,174**
Financial liabilities not measured at fair value			
Short term borrowings (Note 27)	-	1,411,105	1,411,105
Trade and other payables (Note 26)	-	13,892,992	13,892,992
Dividend payable (Note 25)	-	169,851	169,851
		15,473,948	**15,473,948**

Trade and other receivables, security deposits, bank overdrafts and other short term borrowings are the Company's short term financial instruments. Accordingly, management believes that their fair values are not expected to be materially different from their carrying values.

32. RELATED PARTY TRANSACTIONS

(i) Parent and ultimate controlling entity

As at the year ended 31 December 2021, MRS Africa Holdings Limited (incorporated in Bermuda) owned 60% of the issued share capital of MRS Oil Nigeria Plc. MRS Africa Holdings Limited is a subsidiary of Corlay Global SA. The ultimate holding company is Corlay Global SA incorporated in Panama.
The Company entered into the following transactions with the under-listed related parties during the year:

(a) MRS Oil and Gas Company Limited (MOG)

MOG is a wholly owned subsidiary of MRS Holdings Limited which is a shareholder in Corlay Global SA. Corlay Global SA is the ultimate holding company of MRS Oil Nigeria Plc. The following transactions occurred during the year:

Nature of transactions	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Sales of goods	-	59,743
Staff Secondment	(1,759)	-
Product purchase	(4,825,003)	(3,578,019)
Loan	2,380,693	
AGO Internal Consumption	(142,118)	-
Reimbursements for expenses	11,698	30,680
	(2,576,488)	(3,487,596.39)

In current period, the value of product stored by MRS Oil and Gas Limited for the Company amounted to ₦15Million (Dec 2020:₦1.69 billion). The net transactions with MOG during the period was ₦2.58 million (Dec 2020: ₦3.49 billion). The net balance due from MOG is ₦93.77 million (Dec 2020 due to: ₦43.9 million)

(b) Petrowest SA (Petrowest)

MRS Holdings Ltd which is a shareholder in Corlay Global S.A, the ultimate parent of MRS Oil Nigeria Plc; holds an indirect interest of 45% in Petrowest (through MOG). The net balance due to Petrowest was ₦1.68 billion (Dec 2020: ₦1.59 billion)

(c) MRS Holdings Limited

MRS Holdings Limited owns 50% of the shares in Corlay Global SA, the parent company of MRS Africa Holdings Limited. MRS Africa Holdings Limited has a majority shareholding in MRS Oil Nigeria Plc.

Nature of transactions	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000
Management fees	(440,398)	(411,322)
Sale of goods	163,153	49,621
Reimbursable	-	-
Shared services	-	-
Staff Secondment		

Net balance due to MRS Holdings Limited was ₦1.61 billion (Dec 2020: ₦895.20million)

(d) Net balances due to and from other related entities (Corlay entities) were as follows:

31 Dec. 2021	31 Dec. 2020

	₦'000	₦'000
MRS Benin S. A.	64,049	60,458
Corlay Togo S. A.	5,363	112
Corlay Benin S. A	4,750	112
Corlay Cote D'Ivoire	(109,391)	(106,905)
Corlay Cameroun S. A.	15,160	14,310
	(20,068)	(31,913)

		2021	2020
	Nature of transaction	₦'000	₦'000
MRS Benin S. A.	Reimbursements for expenses		
Corlay Togo S. A.	Reimbursements for expenses	7,613	16,758
Corlay Benin S. A	Reimbursements for expenses	5,670	3,702
Corlay Cote D'Ivoire	Reimbursements for expenses	3,727	2,163
Corlay Cameroun S. A.	Reimbursements for expenses	-	-

The Corlay entities are subsidiaries of Corlay Global SA incorporated in Panama, the parent company of MRS Africa Holdings Limited, and are thereby affiliates of MRS Oil Nigeria Plc.
All outstanding balances do not bear interest and exclude value of products stored by MRS Oil and Gas Company Limited for the Company.

(e) Summary of intercompany receivables and payables:

	31 Dec. 2021		31 Dec. 2020	
	Receivables	Payables	Receivables	Payables
	₦'000	₦'000	₦'000	₦'000
MRS Oil and Gas Limited (MOG)	237,896	(144,128)	237,896	(281,785)
MRS Holdings Limited	205,680	(1,814,678)	42,527	(937,731)
Petrowest	-	(1,682,153)	-	(1,587,851)
MRS Benin S. A.	64,049	-	60,458	-
Corlay Togo S. A.	5,363	-	112	-
Corlay Benin S. A	4,750	-	112	-
Corlay Cote D'Ivoire	-	(109,391)	-	(106,905)
Corlay Cameroun S. A.	15,160	-	14,310	-
	532,898	**(3,750,350)**	**355,415**	**(2,914,272)**

(ii) Key management personnel compensation

The Company pays short term benefits to its directors as follows:

	2021	2020
	₦'000	₦'000
Short term employee benefits	18,995	11,975

(iii) Related Party Transactions above 5% of total tangible assets

In line with Nigerian Stock Exchange - Rules Governing Transactions with Related Parties or Interested Persons, the Company has disclosed transactions with related parties which are individually or in aggregate greater than 5% of the total tangible assets. The total tangible assets amounted to ₦15.54 billion and the 5% disclosure limit is ₦777.2million. During the period, the Company had entered into transactions above the 5% disclosure limit with MRS Oil and Gas Limited. Refer to Note 32i(a) for details of these transactions.

33. SEGMENT REPORTING

In accordance with the provisions of IFRS 8 – Operating Segments; the operating segments used to present segment information were identified on the basis of internal reports used by the Company's Chief Operating Decision Maker (CODM) to allocate resources to the segments and assess their performance. The Managing Director is MRS Oil Nigeria Plc's "Chief operating decision maker" within the meaning of IFRS 8.

Segment information is provided on the basis of product segments as the Company manages its business through three product lines - Retail/Commercial & Industrial, Aviation, and Lubricants. The business segments presented reflect the management structure of the Company and the way in which the Company's CODM reviews business performance. The accounting policies of the reportable segments are the same as described in Note 3.

The Company has identified three operating segments:

(i) **Retail/ Commercial & Industrial** - this segment is responsible for the sale and distribution of petroleum products (refined products) to retail customers and industrial customers.

(ii) **Aviation** - this segment involves the sales of Aviation Turbine Kerosene (ATK).

(iii) **Lubricants** - this segment manufactures and sells lubricants and greases.

Segment assets, liabilities and overheads are not disclosed as these are not regularly reported to the Chief Operating decision maker.

Segment revenue and cost of sales

Dec 2021	Revenue		Cost of sales		Gross profit	
	₦'000	% of Total	₦'000	% of Total	₦'000	% of Total
Retail/C&I	65,340,460	91%	61,515,697	92%	3,824,763	74%
Aviation	3,009,964	4%	2,705,430	4%	304,534	6%
Lubes	3,625,831	5%	2,610,526	4%	1,015,305	20%
Total	**71,976,255**	**100%**	**66,831,653**	**100%**	**5,144,602**	**100%**

2020	Revenue		Cost of sales		Gross profit	
	₦'000	% of Total	₦'000	% of Total	₦'000	% of Total
Retail/C&I	35,909,467	86%	33,230,620	86%	2,678,847	77%
Aviation	2,265,465	5%	2,589,023	7%	(323,558)	-9%
Lubes	3,806,506	9%	2,703,793	7%	1,102,713	32%
Total	**41,981,439**	**100%**	**38,523,436**	**100%**	**3,458,003**	**100%**

34. SUBSEQUENT EVENTS

On 29 March 2022, the Directors proposed a bonus issue of 1(one) new share of 50 kobo each for every 8 (eight) existing shares. This represents 20,429,743 additional ordinary shares to the existing shares of the Company.

There were no other significant subsequent events that could have had a material effect on the financial position of the Company as at 31 December 2021 and on the profit for the year ended on that date that have not been taken into account in these financial statements.

35. CONTINGENCIES

(a) Pending litigations

There are certain lawsuits pending against the Company in various courts of law. The total contingent liabilities in respect of pending litigations as at 31 December 2021 is ₦772.43million (Dec 2020: ₦738.91 million). A total provision of ₦46.14 million (Dec 2020: ₦46.14) (Note 29) has been made in these financial statements. The actions are being contested and the directors are of the opinion that no significant liability will arise in excess of the provision that has been recorded in the financial statements.

(b) Financial commitments

In the year 2020,the Company in consideration of bulk purchase agreement with Petroleum Products Marketing Company Limited (a subsidiary of NNPC) sought a Bank Guarantee with Acces Bank Plc to the tune of N3.5b. The bank guaranteed to pay PPMC to the tune of the said amount should the company default in its obligation. The directors are of the opinion that this and all known liabilities and commitments, which are relevant in assessing the state of affairs of the Company, have been taken into consideration in the preparation of these financial statements.

OTHER NATIONAL DISCLOSURES

VALUE ADDED STATEMENT FOR THE YEAR ENDED 31

	31 Dec. 2021		31 Dec. 2020	
	₦'000	%	₦'000	%
Revenue	71,976,255		41,981,439	
Other income	1,379,496		521,520	
Finance income	33,278		8,879	
	73,389,029		**42,511,838**	
Bought in materials and services:				
- Imported				
- Local	(71,792,396)		(42,257,105)	
Value added	**1,596,633**	**100**	**254,733**	**100**
Distribution of value Added				
To Government as:				
Taxation	206,200	13	103,374	41
Taxes and duties	-	-	-	-
To Employees:				
Salaries, wages, fringe and end of service benefits	386,305	24	468,154	184
To providers of Finance:				
- Finance cost	376,333	24	1,089,611	428
Retained in the business to maintain and replace				
To maintain and replace:				
- Property,plant and equipment	508,698	32	1,346,678	529
- Intangible assets	272	-	2,358	1
- Deferred taxes	(221,048)	(14)	(491,298)	(193)
To augment retained earnings	339,873	21	(2,264,145)	(890)
Value added	**1,596,633**	**100**	**254,733**	**100**

Five Year Financial Summary

Statement of Comprehensive Income

	2021	2020	2019	2018	2017
	₦'000	₦'000	₦'000	₦'000	₦'000
Revenue	71,976,255	41,981,439	65,567,458	89,552,819	107,088,347
Results from operating activities	668,080	(2,113,846)	(2,022,918)	(1,483,933)	101,216
Profit/ (Loss) before taxation	325,025	(2,307,673)	(1,892,198)	(1,427,448)	(996,609)
Profit/ (Loss) for the year	339,873	(2,264,145)	(1,613,082)	(1,264,941)	1,385,056
Comprehensive income for the year	**339,873**	**(2,264,145)**	**(1,613,082)**	**(1,264,941)**	**1,385,056**
Ratios					
Earnings /(Loss) per share (Kobo)	112	(743)	(529)	(415)	(454)
Declared dividend per share (Kobo)	-	-	-	110	173
Net assets per share (kobo)	5,638	5,526	6,269	6,798	9,099

Statement of financial position

	2021	2020	2019	2018	2017
	₦'000	₦'000	₦'000	₦'000	₦'000
Employment of Funds					
Non-current assets:					
Property, plant and equipment	14,742,550	14,762,285	15,971,939	16,788,788	17,338,162
Right of use	802,333	1,071,483	1,383,528	-	-
Intangible assets	29	300	2,359	3,662	20,108
Truck loan receivables	-	-	-	-	-
Trade and other receivables	-	-	-	-	-
Prepayment	-	-	-	775,010	699,649
Net current assets	2,206,742	1,952,699	3,167,485	4,482,608	7,218,255
Employee benefit obligation	(6,632)	(15,935)	(16,491)	(13,361)	(11,899)
Provisions	(52,291)	(52,581)	(56,322)	-	(44,147)
Lease Liability	(509,387)	(653,732)	(632,536)	-	-
Deferred tax liability	-	(221,048)	(712,346)	(1,316,009)	(2,110,631)
Net assets	**17,183,344**	**16,843,471**	**19,107,616**	**20,720,698**	**23,109,497**
Fund Employed					
Share capital	152,393	152,393	152,393	152,393	126,994
Retained earnings	17,030,951	16,691,078	18,955,223	20,568,305	22,982,503
	17,183,344	**16,843,471**	**19,107,616**	**20,720,698**	**23,109,497**

SHARE CAPITAL HISTORY:

Shareholding Structure/Free Float Status

	2021		2020	
Description	**Unit**	**%**	**Unit**	**%**
Issued Share Capital	304,786,406	100.00	304,786,406	100.00
Substantial Shareholdings (5% and above)				
MRS Africa Holdings Limited	182,871,828	60%	182,871,828	60%
First Pen Cust/Asset Management Corporation of Nigeria	31,919,838	10.47%	31,919,838	10.47%
Total Substantial Shareholdings	214,791,666	70%	214,791,666	70%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
Ms. Amina Maina	33,136	1.1%	33,136	1.1%
Sir. Sunday N. Nwosu (KSS)	6,301	0.2%	6,301	0.2%
Mr Mathew Akinlade	571	0.0%	571	0.0%
Total Directors' Shareholdings	40,008	1.3%	40,008	1.3%
Free Float in Units and Percentage	89,954,732	29.51%	89,954,732	29.51%
Free Float in Value	1,169,411,516		1,169,411,516	

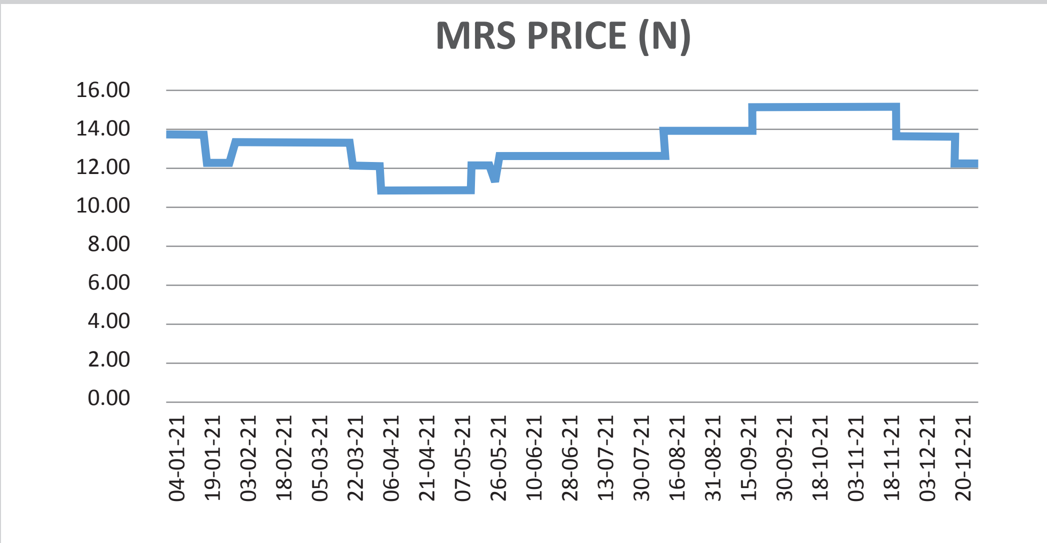
Declaration:

(A) MRS Oil Nigeria Plc with a free float percentage of 29.51% as at 31 December 2021, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

(B) MRS Oil Nigeria Plc with a free float value of =N= 1.2 billion as at 31 December 2021, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

SHARE PRICE MOVEMENT

2021 MOVEMENT



Shareholders can receive information or contact the Company about any questions (regarding the Company's financial results and up-to-date share price information), through the Company's website (*www.mrsoilnigplc.net*).

CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT NO. 29 OF 2007

We the undersigned hereby certify the following with regards to our financial report for the year ended December 31, 2021 that:

(a) We have renewed the Report;

(b) To the best of our knowledge, the Report does not contain:
  (i) Any untrue statement of a material fact, or
  (ii) Omit to state a material fact, which would make the statements, misleading in the light of the circumstances under which such statements were made;

(c) To the best of our knowledge, the Financial Statement and other financial information included in the Report fairly present in all material respects the financial condition and results of operation of the Company as of and for the periods presented in the Report.

(d) We:
  (i) Are responsible for establishing and maintaining internal controls.
  (ii) Have designed such internal controls to ensure that material information relating to the Company, particularly during the period in which the periodic reports are being prepared;

(e) We have disclosed to the Auditors of the Company and the Audit Committee:
  (i) Any fraud, whether or not material, that involves management or other employees who have significant roles in the Company's internal controls".

Mr. Marco Storari
(Managing Director)
FRC/2021/003/00000022038

Mr. Samson Adejonwo
(Chief Finance Officer)
FRC/2021/001/00000021998

Chief Dr. Amobi D. Nwokafor
(Director)
FRC/2013/ICAN/00000002770

March 29, 2022

LIST OF DISTRIBUTORS

S/N	NAME	ADDRESS
1	Hamisu Dan Tinki Motors	275 Naibawa Motor Park Zaria Road Kano
2	Clegee Nigeria Limited	D10 Shop 83 Aspamda Ojo Lagos
3	Woopet Ogbus Ventures Limited	Ajase Ipo Road Ilorin
4	Ade De Young Auto Agency	Aspamda Ojo Lagos
5	Adolf Hyman Nig Ltd	5,Red Cross Road P.o Box17688 Ogbete Enugu
6	Onyefee Eze Nig Ltd	Line D 3&4 Mechanic Village Ebonyi
7	Ad Oil Company Ltd	1,Gaskiya Road, Zaria, Kaduna
8	Mohammed Rawa Gana	2 Kano Motor Park Makurdi
9	Churcorl Nigeria Limited	Shop 35,Aspamda Ojo Lagos
10	S.c. Dubinson Nig Ltd; Mr. Ndubuisi	Area 3 Abuja
11	A.K Haske Multi Trade Ventures	Shop 4 Farawa Maiduguri Road Kano
12	To Eweh & Sons Ltd	17A Duke Town Drive
13	Osikhena Company Nig Ltd	Asero Road Behind Asero Garage Abeokuta
14	Shavey Ventures Limited	Branch Road, Otukpa
15	Bedrubo Group(Chuba Nig Venture	128,Jakpa Road Effurun Delta State
16	Danberton Int Nig	Zone D3 Shop 2 Aspamda Ojo Lagos
17	Great Vigladin Investment Nig	5, Silver Smith Coal Camp, Enugu
18	Nobis & Associates (Nig)	Block B Zone 3A Shop17,Aspamda Ojo Lagos
19	The Great Ade Young Enterprise	Aspamda Ojo, Lagos
20	Angela Adelola Ltd	Mrs Filling Station Ondo/Akure
21	Manna Biz Ventures	Opp. Word Assembly Church Ilorin
22	Eddy Brazil Oil Nig	5, Chigbo Lane Opp Dubiken Service Station Abubor Nnewi
23	Aronu Motors Co.(Nig) Ltd	71 Jubilee Road Aba
24	Barhok Petroleum Ltd	Plot 932, Along 13 Road, Festac Town Lagos
25	Chinochuks Auto Ltd	35, Bank Road, New Garage Park Makurdi
26	Norsky Global Business Ltd	Km 2,Yandev Road Gboko Benue State
27	Onuorah Josephine Mrs	B6/4 New Spare Parts Nkpor
28	R. N. Iwobi	24 Zungeu Road Kano
29	Divine Touch Auto	35 Bank Road, New Garage Park, Benue
30	Hifeb Ventures	12, Miracle Avenue Junction Magboro
31	Chuniz Auto Care	61 Jubilee Road Aba
32	Chuken Global	39 Item Road Aba Abia
33	Osayomwanbor Nig. Enterprises	22, Kadiri Street, Off Oregun Road, Alausa, Ikeja
34	Mrs Joy Adamma Chidi	E8/9 New Spare Part Nkpor, Anambra

LIST OF DISTRIBUTORS

S/N	NAME	ADDRESS
35	Gogo Allied Impex & Services Ltd	No. 3 Beside New Prison Head Quarters Tunga, Minna, Niger State.
36	Simital Nigeria Ltd	Challenge, Ibadan, Oyo State
37	Ceero Alliance Ltd	25, Labake Road, Off Stadium Road, Phc
38.	Masid Multipurpose Services Ltd	5,200 Road, Kano
39.	Ola-Obi Trading Stores	KM 13/15 Ogijo/Sagamu Road Ikorodu
40	S. B. Y General Contractors Ltd	No. 272 Bauchi Road, Jos
41	Usman Nagarta Oil And Gas Services Ventures	Opposite Sunna Hospital Unguwan Rimi, Jos North
42	Aym Shafa Limited	Jos Road, Bauchi State
43	A. S. Paja	Jambutu Bye-pass, Yola
44	Embeli Global Ventures	No. 5 Bye-pass Bomala Bridge, Gombe
45	Y. A. Zobo Multinks	Potiskum, Yobe State
46	Edu God Interbuiz Ltd	Zuba Mechanic Village, Zuba
47	Nur-Kareem Energy	Kado District After Next Cash and Carry
48.	Onyemowo Enterprises	Red Bricks Market, Ushafa, Bwari
49.	Chumac Machineries Int.	Gwarimpa, Abuja
50	Aina Adeyiga Nigeria	No. 10 Ipoyewa Estate, Phase 1, Ikorodu, Lagos.
51	Alder Concepts Values Solution	Divine Autocare Sign Board Bus Stop Ado Road Ajah
52	Estandar Energy Limited	F1 Alibro Abrium, 32 Ekukinam Street Utako Abuja
53	Soroman Nigeria Limited	2, Gadabiu Street Bauchi
54	Ustaf Global Resources	158 ARTV Hotoro, Opposite Total Filling Station, Maiduguri Road, Nassarawa LG, Kano.
55	Great Vigladin Investment Nig.	5, Silver Smith Coal Camp, Enugu
56	Chriveld Petroleum	32, Old Owerri – Aba Road, Aba, Abia State
57	Tadaerigha Ventures	Yenagoa, Bayelsa State
58	Brass And Dome Limited	Aba, Abia State

CORPORATE LOCATION

LAGOS HEADQUARTERS

2, Tin Can Island,
Port Road, Apapa
P. O. Box 166, LAGOS
Tel: +234(809)030-0000
Fax: +234 (1) 621-2145
E-mail: inquiries@mrsholdings.com

WAREHOUSE

WARRI
305, Warri/Sapele Road
P. O. Box 165, WARRI
Tel: 053-254505,
Fax: 053-254505
E-mail: inquiries@mrsholdings.com

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Fax: +234 (1) 621-2145E-mail:
E-mail: inquiries@mrsholdings.com

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Maiduguri
E-mail: inquiries@mrsholdings.com

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P. O. Box 71, KADUNA
E-mail: inquiries@mrsholdings.com

KANO
19B, Club Road
P.O.Box 567
Tel: +234(809)030-0000
Fax: +234 (1) 621-2145
KANO
E-mail: inquiries@mrsholdings.com

KETU, LAGOS
Alapere Warehouse,
Ketu,
Lagos State

PORT HARCOURT
Warehouse Port Harcourt- 4
Reclamation Road,
Port Harcourt

SOKOTO
Warehouse
VMI CCNN Sokoto

TERMINAL

APAPA
NO. 5, Alapata Road,
Apapa
Lagos.

KANO
Joint Aviation Facility,
Malam Aminu Kano International Airport,
Beside Conoil Aviation Depot,
Kano.

LAGOS
MRS Oil Nigeria Plc
Aviation Unit
Gat Road, Mma
Ikeja, Lagos.

ABUJA
MRS Aviation Depot,
Nnamdi Azikwe International Airport,
Abuja.

NOTE

PROXY CARD

THE ANNUAL GENERAL MEETING OF MRS OIL NIGERIA PLC (THE COMPANY) WILL BE HELD AT THE CIVIC CENTRE, OZUMBA MBADIWE AVENUE, VICTORIA ISLAND, LAGOS, NIGERIA, ON TUESDAY, AUGUST 2ND, 2022 AT 11:00 A.M.

I/We*____of________

____________________________________being a member/members of MRS OIL NIGERIA PLC

hereby appoint** ____

or failing him/her, the Chairman of the Meeting as my/our proxy to act and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on____________, _______, 2022 and adjournment thereof.

Dated this ____________________ day of ______________ 2022.

Signature ________________________________

NUMBER OF SHARES

PROPOSED RESOLUTIONS	FOR	AGAINST
To lay the Audited Financial Statements for the year ended 31 December, 2021 and the Report of the Directors, Audit Committee and Auditors Report thereon.		
To re-elect and elect Directors under Articles 90/91 and 95 of the Company's Articles of Association. • Sir Sunday Nnamdi Nwosu • Dr. Daniel Amobi Nwokafor		
To authorize the Directors to fix the remuneration of Auditors.		
To elect members of the Audit Committee.		
To disclose the remuneration of the Managers of the Company.		
To consider and if thought fit, pass the following resolution as an Ordinary Resolution: • To fix the Director's Fees.		
• "That the value of the Issued Share Capital of the Company be and is hereby increased from 161,227,482 to 171,442,353.5 by the creation of additional 20, 429, 743 Ordinary Shares of 50 kobo each to rank in all respect pari passu with the existing shares of the Company".		

• “In pursuance to the Company’s Articles of Association and the recommendation of the Directors, that the sum of N10,214,871.5 (Ten Million, Two Hundred and Fourteen Thousand, eight Hundred and Seventy One Naira, Fifty Kobo Only) be transferred from the balance of retained profits to the share capital account. The amount thus transferred shall represent the value of 20, 429, 743 Ordinary Shares as fully paid up, amongst Members whose names are registered in the Company’s Register of Members at the close of business on Friday, July 1, 2022, in the proportion of 1 (one) new share of 50 kobo each for every 8 (eight) existing shares of 50 kobo each, held by them. The shares thus distributed shall rank pari passu with the existing shares in all aspect. They should be treated for all purposes as capital and not an income and such capitalization of reserves and the issue of bonus shares shall be effected upon receipt by the Directors of the necessary approval from the Authorities”. That the Directors be and hereby authorized to deal with the fractions of shares arising from the allotted bonus shares to Registered Member, as they deem fit.		
• That the Memorandum of Association of the Company be and are hereby altered by deleting the present Clause 6 and substituting the following new Clause in its place. - “Clause 6 – The Share Capital of the Company is 171,442,353.5 divided into 342,884,707 Ordinary Shares of 50 kobo each, with respective rights as are defined by the Articles of Association. • That the Articles of Association of the Company be and are hereby altered by deleting the present Article 3 and substituting the following new Article in its place. - “Article 3 – The Share Capital of the Company 171,442,353.5 divided into 342,884,707 Ordinary Shares of 50 kobo each. • That the Memorandum of Association of the Company be and are hereby altered by inserting Note 14 “On August 2nd 2022, the share capital of the Company was increased to 171,442,353.5 divided into 342,884,707 Ordinary Shares of 50 kobo each.		
To renew the general mandate for Related Party Transactions.		

The Registrars
First Registrar & Investors Services Limited;
Plot 2, Abebe Village Road
Iganmu, Lagos.

ADMISSION CARD
MRS OIL NIGERIA PLC

ANNUAL GENERAL MEETING TO BE HELD……….....................................……………………… 2022 at 11.00 a.m.

NAME OF SHAREHOLDER: ……………………….............................………………………………………

SIGNATURE OF PERSON ATTENDING: …………………..................................…………………………………

NOTE:
The Shareholder or his/her proxy must produce this admission card in order to be admitted at the Meeting. Shareholders or their proxies are requested to sign the admission card at the entrance in the presence of the Registrar on the day of the Annual General Meeting.

NOTE:

A member who is unable to attend an Annual General Meeting is entitled by law to vote by proxy.

A proxy form has been prepared to enable you exercise your right in case you cannot personally attend the Meeting. The proxy form should not be completed if you will be attending the Meeting.

If you are unable to attend the Meeting, read the following instructions carefully:

(a) Write your name in BLOCK CAPITALS on the proxy form where marked *

(b) Write the name of your proxy **, and ensure the proxy form is dated and signed by you. The common seal should be affixed on the proxy form if executed by a corporation.
The proxy form must be posted as to reach the address below not later than 48 hours before the time for holding the Meeting.

The Registrars
First Registrar & Investors Services Limited;
Plot 2, Abebe Village Road
Iganmu, Lagos.

e DIVIDEND FORM

The Registrar,
First Registrars & Investor services Limited
Plot 2, Abebe Village Road
Iganmu,
Lagos

P.O. Box 9117, Lagos
Tel: 01 279 9880
Fax: 01-2714729

Dear Sir,

I/We hereby request that all dividend(s) due to me/us from my/our holding in MRS Oil Nigeria Plc be paid directly to my/our Bank named below:

NAME OF BANK ____________ **BRANCH** ____________

BANK ADDRESS ____________

BANK ACCOUNT NO ____________

SORT CODE ____________ **BVN NO** ____________

CSCS NO ____________

SHAREHOLDERS SURNAME ____________ **TITLE** ____________

____

OTHER NAMES

FULL ADDRESS: ____________

MOBILE (GSM) NO ____________ **LAND LINE** ____________

EMAIL ____________ **FAX** ____________

SHAREHOLDER'S SIGNATURE(S)

1.

2.

BANK'S AUTHORISED SIGNATURES/STAMP

3.

4.

5.

Company Seal

Please fill out and send this form to the Registrar's address above

ELECTRONIC ANNUAL REPORT

Please indicate if you would like to receive an e-copy of the Annual Report and Accounts of the company. Kindly tick either of the boxes below.

YES ☐ NO ☐

EASY GUIDE

For more products details see overleaf.

PETROL(P)

Petrol - SUV E.g Family SUV, Utility vehicles	Light Engine E.g Bike, Keke, Lawn Mower, Small generator	Petrol - Cars E.g Sadan, Sports Car
1P Premier XtraFormula	5P Premier 2T TC	1P Premier XtraFormula
2P Premier Super		2P Premier Super
3P Premier Motor Oil		3P Premier Motor Oil
4P Moto Gear Oil		4P Moto Gear Oil

DIESEL(D)

Diesel - SUV E.g Family SUV, Utility vehicles	Heavy Duty E.g Tractor, Trucks, Diesel gen Diesel Truck, Factory	Factory E.g Factory, Industrial System, Construction Equipments
1D Stallion Xtra Premium	1D Stallion Xtra Premium	5D Hydro HD
2D Stallion Diesel Super LA	2D Stallion Diesel Super LA	6D Hydro HVI
3D Moto Gear Oil	4D Moto Gear Oil	4D Moto Gear Oil
		7D Gear Box

GREASE

G Crystal Grease 3

MARINE

M

Marina 6 SSS 30
Marina ZF 13 MSE 40
Marina 16 MSE 30
Marina ZF 17 MSE 40
Marina 30 MSE 30
Marina 30 MSE 40
Marina 40 MSE 40
Marina 70 SSC 50

E.g Boat, Ships