



Annual reports

Consolidated and separate financial statements

31 December 2019

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Oando PLC

Directors and Professional Advisers For the year ended 31 December 2019

Directors	HRM. Oba Adedotun Gbadebo,	
	CFR	(Chairman, Non-Executive Director)
	Mr. Jubril Adewale Tinubu	(Group Chief Executive)
	Mr. Omamofe Boyo	(Deputy Group Chief Executive)
	Mr. Olufemi Adeyemo	(Group Chief Financial Officer; Executive Director, Resigned February 18 2022)
	Mr. Muntari Zubairu	(Group Chief Corporate Services & Operations Officer; Executive Director, Resigned December 23 2021)
	Dr. Ainojie Alex Irune	(Group Executive Director- Appointed August 9, 2019)
	Mr. Mobolaji Osunsanya	(Non-Executive Director- Resigned August 9, 2019)
	Mr. Oghogho Akpata	(Non-Executive Director- Resigned June 3, 2019)
	Chief Sena Anthony	(Non-Executive Director-Resigned June 3, 2019)
	Mr. Tanimu Yakubu	(Non-Executive Director)
	Mr. Ike Osakwe	(Non-Executive Director)
	Mr. Ademola Akinrele, SAN	(Non-Executive Director)
	Alhaji Bukar Goni Aji	(Non-Executive Director, Resigned December 23 2021)
Company Secretary and Chief Compliance Officer	Ayotola Jagun (Ms)	
Registrars	First Registrars and Investor Services Limited	
Registered Office	17a The Wings Complex, Ozumba Mbadiwe Avenue Victoria Island, Lagos	
Auditors	Ernst & Young Chartered Accountants 10th & 13th floor UBA House 57, Marina, Lagos, Nigeria.	
Bankers	Access Bank PLC Access Bank UK Afrexim Bank of Montreal Canada BNP Diamond Bank PLC Ecobank Nigeria Ltd Fidelity Bank Plc First Bank (UK) First Bank of Nigeria Limited First City Monument Bank PLC (FCMB) Guaranty Trust Holding Company PLC Heritage Bank PLC Industrial and Commercial Bank of China Ltd ING Bank Investec Bank Keystone Bank Limited National Bank of Fujairah (NBF) Natixis Bank Stanbic IBTC Holdings PLC Standard Bank of South Africa Ltd Standard Chartered Bank PLC., UK Standard Chartered Bank(Nig.) Ltd Union Bank of Nigeria PLC United Bank for Africa PLC United Bank for Africa, New York Zenith Bank PLC Ecobank Sao Tome e Principe Mauritius Commercial Bank First Rand Merchant Bank Federated Project and Trade Finance Emirates NBD	

Oando PLC

Directors' report For the year ended 31 December 2019

The directors submit their Report together with the audited consolidated and separate financial statements for the year ended 31 December 2019, which disclose the state of affairs of the Group and Company.

1 Principal Activity

The principal activity of Oando PLC ("the Company") locally and internationally is to have strategic investments in energy companies in addition to supply of oil and gas products to customers. The Company was involved in the following business activities during the year reviewed:

a) Exploration and production (E & P) - Oando Energy Resources Inc., Canada, engaged in production operations and other E & P companies operating within the Gulf of Guinea; and

b) Supply and trading of petroleum products - Oando Trading Dubai, Oando Trading Bermuda and Oando PLC.

The Company's registered address is 17a The Wings Office Complex, Ozumba Mbadiwe Avenue, Victoria Island, Lagos, Nigeria.

2 Results

The Group's net loss for the year of N171.8 billion and Company's net loss of N63.2 billion attributable to owners of equity have been transferred to retained earnings.

	Group		Company	
	31-Dec-19 N'000	31-Dec-18 N'000	31-Dec-19 N'000	31-Dec-18 N'000
Revenue	576,571,857	679,465,339	424,734,190	488,518,160
(Loss)/profit before income tax from operations	(377,414,971)	11,188,120	(62,090,219)	(17,695,310)
Income tax credit/(expense)	170,336,677	17,609,623	(1,061,835)	(626,567)
(Loss)/profit for the year from operations and for the year	(207,078,294)	28,797,743	(63,152,054)	(18,321,877)
(Loss)/profit attributable to owners of the parent	(171,821,040)	24,432,941	(63,152,054)	(18,321,877)

3 Dividend

The directors do not propose dividend for the year ended 31 December 2019 (2018: nil).

4 Directors

i. The names of the present directors and those that served during the year are listed on page 3.

ii. According to the Register of Directors' shareholding, the interests of directors in the issued share capital of the Company for the purposes of section 275 part 1 of schedule 5 of the Companies and Allied Matters Act, 2004, are as follows:

	Direct	Indirect
HRM. Oba A. Gbadebo, CFR	437,500	Nil
Mr. Jubril Adewale Tinubu*	Nil	3,670,995
Mr. Omamofe Boyo*	Nil	2,354,713
Mr. O. Adeyemo	1,798,898	Nil
Mr. Muntari Zubairu	1,000,000	Nil
Dr. Ainojie Alex Iruke	Nil	Nil
Mr. Oghogho Akpata	Nil	Nil
Alhaji Bukar Goni Aji **	Nil	Nil
Chief Sena Anthony	299,133	Nil
Mr. Ademola Akinrele	96,510	Nil
Mr. Ike Osakwe	139,343	Nil
Mr. Mobolaji Osunsanya	269,988	1,890,398
Mr. Tanimu Yakubu	5,997,315	5,998,700

*Additional shares: Ocean and Oil Investments Limited (OOIL) owns approximately 159,701,243 (1.28% of total number of shares) shares in the Company. Mr. Jubril Adewale Tinubu and Mr. Omamofe Boyo own 0.70% and 0.28% respectively in the Company through OOIL.

*Ocean and Oil Development Partners Limited (OODP) owns 7,131,736,673 shares (representing 57.37% of the total number of shares) in the Company. OODP is ultimately owned 40% by Mr. Gabriele Volpi, 40% by the Group Chief Executive and 20% by the Deputy Chief Executive of the Company at year end.

**Alhaji Bukar Goni Aji represents the interest of Alhaji Dahiru Bara'u Mangal. DBM owns 15.92% of Oando PLC

5 Contracts

In accordance with section 277 of the Companies and Allied Matters Act, and Article 115 of the Company's Articles of Association, directors who had interest in contracts during the year had notified and declared their interest to the Company to the effect that they were members or held shareholding of companies which could be regarded as having an interest in the contract. Such directors' interests are noted in the respective minutes of board meetings.

6 Directors' Responsibilities

The directors are responsible for the preparation of annual consolidated financial statements, which have been prepared using appropriate accounting policies, supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards issued by the International Accounting Standards Board, Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act. In doing so, the Directors have the responsibilities as described on page 7 of these consolidated financial statements.

7 Shareholdings

As of 31 December 2019, the range of shareholdings of the Company was as follows:

Range of Shareholding	No of Shareholders Within Range	% of Holders	No of shares Within Range	% of Shareholding
1 - 1,000	168,245	62.17	61,467,380	0.49
1,001 - 5,000	71,893	26.56	150,320,671	1.21
5,001 - 10,000	12,108	4.47	87,409,549	0.70
10,001 - 50,000	13,005	4.81	286,735,489	2.31
50,001 - 100,000	2,267	0.83	163,445,294	1.31
100,001 - 500,000	2,383	0.88	500,295,473	4.02
500,001 - 1,000,000	341	0.13	245,118,017	1.97
1,000,001 - 5,000,000	320	0.12	620,218,316	4.99
5,000,001 - 10,000,000	37	0.01	262,718,566	2.11
10,000,001 - 50,000,000	29	0.01	608,620,907	4.90
50,000,001 - 100,000,000	7	-	500,402,733	4.03
100,000,001 - 12,431,412,481	7	-	8,944,660,086	71.96
	270,642	100.00	12,431,412,481	100.00

8 Property, Plant and Equipment

Changes in the value of property, plant and equipment (PPE) were mainly due to additions, depreciation, disposals and exchange differences as shown in Note 15 to these consolidated financial statements. In the opinion of the directors, the market value of the Group's property, plant and equipment is not lower than the value shown in these consolidated financial statements.

9 Donations/Charitable gifts

The Company through its subsidiary, Oando Foundation, made most of the following donations during the year under review:

Description	Amount N
I Scholarship award for 444 pupils across 19 states and the FCT	20,763,180
II Provision of 200 units of pupils desks and school signage at Model Primary School, Onne, Rivers	2,250,000
III Minor infrastructure repair works across 6 adopted schools in Kaduna, Lagos, Ogun, Plateau, Katsina and Taraba states	1,156,205
IV Scholarship award to 2 Ebola Education Trust fund beneficiaries	300,000
V Scholarship award to 3 university scholars	300,000
VI Sponsorship of 2019 Annual General Conference of the Nigerian Bar Association	500,000
VII Payment to Lynz Associates for Civil Works at Maroko Police Station as a CSR initiative	13,887,300
	<u>39,156,685</u>

10. **Employment and Employees**

Equal Employment Opportunity

The Company pursues an equal employment opportunity policy. It does not discriminate against any person on the ground of race, religion, colour, or physical disability.

Employment of Physically Disabled Persons

The Company maintains a policy of giving fair consideration to applications from physically disabled persons, bearing in mind their respective aptitudes and abilities. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that the appropriate training is arranged. The Group currently has no physically disabled persons.

Industrial/Employees Relation

The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and the various factors affecting the performance of the Company. This is achieved through management's open door policy and improved communication channels. These channels include the e-mail and intranet, the revised in-house magazine, the entrenchment of regular departmental meetings and town hall meetings. Regular dialogue takes place at informal and formal levels.

Training and Development

The Company places great emphasis on the training and development of its staff and believes that its people are its greatest assets. Training courses are geared towards the development needs of staff and the improvement in their skill sets to face the increasing challenges in the industry. The Company will continue to invest in its human capital to ensure that the employees are well motivated and positioned to compete in the industry.

11. **Audit Committee**

In accordance with section 359(4) of the Companies and Allied Matters Act, the following shareholders and directors were members of the Audit Committee during the year ended 31 December 2019:

a)	Mr. Ike Osakwe	Non-Executive Director (Chairman)
b)	Alhaji Bukar Goni Aji	Non-Executive Director
c)	Mr. Mobolaji Osunsanya	Non-Executive Director - Resigned August 9, 2019
d)	Mr. Tanimu Yakubu	Non-Executive Director
e)	Dr. Joseph O. Asaolu	Shareholder
f)	Mr. Segun Oguntoye	Shareholder
g)	Mr. Jackson Edah	Shareholder - Deceased

Mr. Jackson Edah who died on 6th July 2019 could not be replaced by the shareholders of the Company due to a cancellation of the Annual General Meeting for the year ended 31 December 2018, wherein the shareholders would have elected their representative on the Audit Committee. Dr. Anthony Omojola, a shareholder, elected on August 30, 2021 to replace Mr. Jackson Edah during the 42nd Annual General Meeting of the Company.

12. **Resignation and Appointment of the Finance Director**

As indicated in the list of directors who serve during the year under review, the Finance Director, Mr. Olufemi Adeyemo resigned from the board effective 18 February 2022. He has been replaced by Mr. Adeola Ogunsemi, who was appointed to the board of the Company effective 18 February 2022. Mr. Ogunsemi's appointment is subject to ratification by the members of Oando PLC at the next Annual General meeting.

Although Mr. Ogunsemi is appointed after the balance sheet date under review, he will sign these consolidated and separate financial statements in compliance with the Financial Reporting Act and the Code of Conduct for all listed companies in Nigeria.

13. **Auditors**

The Company's auditors, Messrs. Ernst & Young has indicated its willingness to continue in office in accordance with section 357(2) of the Companies and Allied Matters Act, 2004.

Dated this 1st Day of June 2022
By Order of the Board



Ayotola Jagun (Ms.)
Chief Compliance Officer and Company Secretary
17a The Wings Office Complex, Ozumba Mbadiwe Avenue, Victoria Island, Lagos
FRC/2013/NBA/00000003578

**Statement of Directors' responsibilities
For the year ended 31 December 2019**

i. Responsibilities in respect of the financial statements

The Companies and Allied Matters Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company and its subsidiaries at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

(a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and its subsidiaries and comply with the requirements of International Financial Reporting Standards (IFRS), Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act, No.6, 2011;

(b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

(c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matters Act.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its loss for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal controls over financial reporting.

Nothing has come to the attention of the directors to indicate that the Company will not continue as a going concern for at least twelve months from the date of this Statement.

ii. Responsibilities in respect of Corporate Governance

The Company is committed to the principles and implementation of good corporate governance. The Company recognises the valuable contribution that it makes to long term business prosperity and to ensuring accountability to its shareholders. The Company is managed in a way that maximises long term shareholder value and takes into account the interests of all of its stakeholders.

The Company believes that full disclosure and transparency in its operations are in the interests of good governance. As indicated in the statement of responsibilities of directors and notes to the accounts, the business adopts standard accounting practices and ensures sound internal controls to facilitate the reliability of the financial statements.

The Board of Directors

The Board is responsible for setting the Company's strategic direction, for leading and controlling the Company and for monitoring activities of the executive management. The Board presents a balanced and understandable assessment of the Company's progress and prospects.

During the year under review, the Chairman, five executive directors and seven non-executive directors served on the board of the Company. Three non-executive directors resigned during the year, while an executive director was appointed. The non-executive directors have experience and knowledge of the industry, markets, financial and/or other business information to make valuable contributions to the Company's progress. The Group Chief Executive is a separate individual from the Chairman and he implements the management strategies and policies approved by the Board. The Board meets at least four times a year.

The Audit Committee

The Audit Committee (the "Committee") is made up of five members - three directors (all of whom are non-executive) and two shareholders in compliance with section 359(4) of the Companies and Allied Matters Act. The Committee members meet at least four times a year.

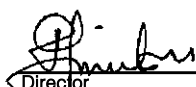
The Committee's duties include keeping under review the scope and results of the external audit, as well as the independence and objectivity of the auditors. The Committee also keeps under review the risk and controls over financial reporting, compliance with laws and regulations and the safeguarding of assets. In addition, the Committee reviews the adequacy of the internal audit plan and implementation status of internal audit recommendations.

Systems of Internal Control


The Company has well-established internal control system for identifying, managing and monitoring risks. The Risk and Controls and Internal Audit functions have reporting responsibilities to the Audit Committee. Both functions have appropriately trained personnel and undergo training on current business and best practices.

Code of Business Ethics

Management has communicated the principles of business ethics in the Company's Code of Business Conduct and Ethics to all employees in the discharge of their duties. This Code sets the professionalism and integrity required for business operations which covers compliance with laws, conflicts of interest, environmental issues, reliability of financial reporting, bribery and strict adherence to the principles so as to eliminate the potential for illegal practices.



Director
1st June 2022
Mr. Jubril Adewale Tinubu
FRC/2013/NBA/00000003348



Director
1st June 2022
Mr. Adeola Ogunsemi
FRC/2016/ICAN/00000014639

Oando PLC

**Report of the Audit Committee
For the year ended 31 December 2019**

We have exercised our statutory functions in compliance with Section 359 (6) of the Companies and Allied Matters Act 2004 and we the members of the Oando PLC Audit Committee have, on the documents and information made available to us;

- a. Reviewed the scope and planning of the audit requirements and found them satisfactory.
- b. Reviewed the external auditors' management letter for the year ended December 31, 2019 as well as the management response thereto,
- c. Appraised the financial statements for the year ended 31 December 2019 and are satisfied with the explanations provided.

We ascertain that the accounting and reporting policies of the Company for the year ended December 31, 2019 are in accordance with legal requirements and agreed ethical practices.

Dated this 1st day of June 2022



Ike Osakwe
FRC/2017/ICAN/00000016455

Members of the Audit Committee are:

Mr. Ike Osakwe
Alhaji Bukar Goni Aji
Mr. Mobolaji Osunsanya
Mr. Tanimu Yakubu
Dr. Joseph O. Asaolu
Mr. Segun Oguntoye
Dr. Anthony Omojola

Non-Executive Director (Chairman)
Non-Executive Director
Non-Executive Director - Resigned August 9, 2019
Non-Executive Director
Shareholder
Shareholder
Shareholder - Elected on August 30, 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OANDO PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Oando Plc ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and the Company as at 31 December 2019, and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act, No. 6, 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 *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the Consolidated and Separate financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter- Utilisation of Afrexim loan

We draw attention to Note 38(xvi-18) which indicates that Oando Oil Limited (OOL)- a subsidiary of Oando PLC obtained a loan of \$425 million (~~₦~~154.9 billion) from Afrexim Bank during the year. OOL utilised the loan to partially settle Ansbury Investments Inc on behalf of Whitmore Asset Management Ltd. Ansbury, Whitmore, OODP BVI and OODP Nigeria entered into a Settlement Deed for a total sum of \$550 million due from Whitmore to Ansbury. In respect of the partial settlement on behalf of Whitmore, OOL recorded a receivable of \$438.1 million (~~₦~~159.6 billion) from Whitmore representing total amount disbursed inclusive of transaction costs. Management performed impairment assessment on the receivable and fully impaired the amount in the consolidated statement of profit or loss. Subsequent to year end, upon full settlement of the indebtedness of Whitmore to Ansbury, Ansbury transferred its shares in OODP BVI to Whitmore thereby making Whitmore the sole owner of OODP BVI. Consequently, the Group Chief Executive and the Deputy Group Chief Executive of Oando PLC (the owners of Whitmore) have become the ultimate owners of the 57.37% of Oando PLC. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OANDO PLC - CONTINUED

Material Uncertainty Related to Going Concern

We draw attention to Note 45 of the consolidated and separate financial statements which indicates that the Company recorded total comprehensive loss for the year ended 31 December 2019 of N63.2 billion (2018: total comprehensive loss N18.3 billion) and as at that date, its current liabilities exceeded current assets by N163.2 billion (2018: net current liabilities of N63 billion). The Company also reported net liabilities of N128.8 billion (2018: net liabilities - N60.9 billion). The Group recorded total comprehensive loss for the year ended 31 December 2019 of N200.6 billion (2018: total comprehensive income N38.1 billion) and as at that date, its current liabilities exceeded current assets by N432.8 billion (2018: net current liabilities of N318.5 billion). The entity continues to incur losses and reversal of this is dependent on successful actions to raise capital to pay down the significant debt levels and through achievement of revenue forecasts. As stated in the Note, these conditions along with other matters, indicate the existence of a material uncertainty that may cast significant doubt on the Company and Group's ability to continue as a going concern and therefore may be unable to realise its assets and settle its liabilities in the ordinary course of business. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be a key audit matter to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matter applies only to the audit of the Consolidated Financial Statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OANDO PLC - CONTINUED**

Key Audit Matter	How the matter was addressed in the audit
<p>Impact of the estimation of the quantity of oil and gas reserves on impairment testing, depreciation, depletion and amortisation (DD&A), decommissioning provisions and the going concern assessment.</p> <p>A number of material elements of the consolidated financial statements are impacted by the estimation and measurement of oil and gas reserves. This includes DD&A, impairments and decommissioning provisions as it relates to Oando Energy Resources (OER), a major subsidiary. Therefore, any misstatement in reserves estimation could lead to a material misstatement of the consolidated financial statements.</p> <p>In addition to the technical uncertainty in assessing reserve quantities and the high level of judgement applied, reserves and resources are also a fundamental indicator of the future potential of the Group's performance, hence we have considered this to be a key audit matter.</p>	<p>We focused on management's estimation process, including whether bias exists in the determination of reserves and resources. We carried out the following procedures:</p> <ul style="list-style-type: none"> • performed procedures to assess the competence and objectivity of the experts involved in the estimation process to satisfy ourselves that they were appropriately qualified to carry out the volumes estimation; • reviewed controls over the reserves review process; • ensured that significant movements in reserves are compliant with guidelines and policies; • performed analytical review procedures on reserve revisions; • confirmed that the reserve information at year end is supported by underlying documentation and data; • confirmed that the updated reserves and resources estimates were included appropriately in the Group's consideration of impairment and in accounting for DD&A. • Reviewed the appropriateness of disclosures in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report, Statement of Directors' Responsibilities, Report of the Audit Committee and Other National Disclosures, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OANDO PLC - CONTINUED

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act, No. 6, 2011, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting processes.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OANDO PLC - CONTINUED**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OANDO PLC - CONTINUED**

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, we confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) in our opinion, proper books of account have been kept by the Group and Company, in so far as it appears from our examination of those books;
- iii) the consolidated and separate statements of financial position and the consolidated and separate statements of profit or loss and other comprehensive income are in agreement with the books of account; and
- iv) in our opinion, the consolidated and separate financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 so as to give a true and fair view of the state of affairs and financial performance of the Company and its subsidiaries.



Esther Ajibola, FCA
FRC/2012/ICAN/00000000174
For: Ernst & Young
Lagos, Nigeria

1 June 2022



Oando PLC
Annual Consolidated and Separate Financial Statements
Statement of profit or loss
For the year ended 31 December 2019

	Notes	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
Revenue from contract with customers	8c	576,571,857	679,465,339	424,734,190	488,518,160
Cost of sales	10	(504,011,590)	(583,191,386)	(423,956,921)	(488,938,074)
Gross profit/(loss)		72,560,267	96,273,953	777,269	(419,914)
Other operating (expense)/income	9	(2,609,514)	11,006,460	1,051,421	2,652,401
Impairment of non-financial assets	10c	(169,107,318)	(5,977,191)	(27,866,166)	(3,435,951)
(Impairment of assets)/reversal of impairment of financial assets	10c	(147,570,626)	13,155,514	6,598,463	10,211,115
Administrative expenses	10b	(88,153,327)	(70,457,124)	(23,243,098)	(10,939,966)
Operating (loss)/profit		(334,880,518)	44,001,612	(42,682,111)	(1,932,315)
Finance costs	12a	(49,685,371)	(42,706,619)	(21,192,274)	(17,582,406)
Finance income	12b	8,972,892	10,265,496	1,784,166	1,819,411
Net finance costs		(40,712,479)	(32,441,123)	(19,408,108)	(15,762,995)
Share of loss of associates	18	(1,821,974)	(372,369)	-	-
(Loss)/profit before income tax		(377,414,971)	11,188,120	(62,090,219)	(17,695,310)
Income tax credit/(expense)	13(a)	170,336,677	17,609,623	(1,061,835)	(626,567)
(Loss)/profit for the year		(207,078,294)	28,797,743	(63,152,054)	(18,321,877)
(Loss)/profit attributable to:					
Equity holders of the parent		(171,821,040)	24,432,941	(63,152,054)	(18,321,877)
Non-controlling interest		(35,257,254)	4,364,802	-	-
		(207,078,294)	28,797,743	(63,152,054)	(18,321,877)
(Loss)/earnings per share attributable to ordinary equity holders of the parent during the year (expressed in Naira per share):					
Basic and diluted (loss)/earnings per share					
From (loss)/profit for the year	14	(14)	2	(5)	(1)

The statement of significant accounting policies and notes on pages 22 to 102 form an integral part of these consolidated and separate financial statements.

Oando PLC
Annual Consolidated and Separate Financial Statements
Statement of other comprehensive income
For the year ended 31 December 2019


	Notes	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
(Loss)/profit for the year		(207,078,294)	28,797,743	(63,152,054)	(18,321,877)
Other comprehensive income:					
Items that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		6,462,173	9,275,443	-	-
Share of associate's foreign currency translation reserve	32	4,250	5,631	-	-
		6,466,423	9,281,074	-	-
Reclassification to profit or loss					
Reclassification of share of OWDL's foreign currency translation reserve	32	49,095	5,268	-	-
Other comprehensive income for the year, net of tax		6,515,518	9,286,342	-	-
Total comprehensive (loss)/income for the year, net of tax		(200,562,776)	38,084,085	(63,152,054)	(18,321,877)
Attributable to:					
- Equity holders of the parent		(164,907,053)	34,727,989	(63,152,054)	(18,321,877)
- Non-controlling interests		(35,655,723)	3,356,096	-	-
Total comprehensive (loss)/income for the year, net of tax		(200,562,776)	38,084,085	(63,152,054)	(18,321,877)

The statement of significant accounting policies and notes on pages 22 to 102 form an integral part of these consolidated and separate financial statements.

Oando PLC
Annual Consolidated Financial Statements
Consolidated statement of financial position
As at 31 December 2019

		Group 2019 N'000	Group 2018 N'000
Assets	Notes		
Non-current assets			
Property, plant and equipment	15	394,228,600	355,020,085
Intangible assets	16	270,871,563	432,321,760
Right of use asset	46ci	16,267,406	-
Investment properties	17	2,808,000	1,033,000
Investment in associates	18	1,782,799	6,424,732
Deferred income tax assets	19	3,595,526	45,093,156
Financial assets at fair value through profit or loss	27a	-	11,106,341
Finance lease receivables	21	73,510,965	73,612,863
Non-current receivables	22	-	13,079,187
Prepayments	26	164,568	493,705
Restricted cash	29	5,863,527	6,807,064
		<u>769,092,954</u>	<u>944,991,893</u>
Current assets			
Inventories	23	24,541,679	28,392,500
Derivative financial assets	20	1,252,965	1,853,245
Trade, other receivables and contract assets	24	122,864,452	84,791,443
Deposit for shares	25	3,098,335	3,037,619
Prepayments	26	3,488,315	4,113,394
Financial assets at fair value through profit or loss	27b	48,223	53,219
Cash and cash equivalents (excluding bank overdrafts)	29	33,576,182	10,914,741
		<u>188,870,151</u>	<u>133,156,161</u>
Total assets		957,963,105	1,078,148,054
Equity and Liabilities			
Equity attributable to equity holders of the parent			
Share capital	31	6,215,706	6,215,706
Share premium	31	176,588,527	176,588,527
Retained loss		(304,753,294)	(126,534,432)
Other reserves	32	150,856,601	144,604,935
		<u>28,907,540</u>	<u>200,874,736</u>
Non controlling interest		38,100,179	76,241,975
Total equity		<u>67,007,719</u>	<u>277,116,711</u>
Liabilities			
Non-current liabilities			
Borrowings	33	130,635,428	76,848,651
Deferred income tax liabilities	19	12,657,924	214,662,084
Decommissioning provisions	34	106,393,420	56,717,572
Lease liabilities	46cii	19,617,395	-
		<u>269,304,167</u>	<u>348,228,307</u>
Current liabilities			
Trade and other payables	35	350,043,996	268,692,378
Borrowings	33	231,531,048	134,052,667
Lease liabilities	46cii	3,344,733	-
Current income tax liabilities	13b	35,081,165	47,245,129
Dividend payable	36	1,650,277	1,650,277
		<u>621,651,219</u>	<u>451,640,451</u>
Liabilities of disposal group classified as held for sale	30	-	1,162,585
Total liabilities		<u>890,955,386</u>	<u>801,031,343</u>
Total equity and liabilities		957,963,105	1,078,148,054

The financial statements and notes on pages 15 to 105 were approved and authorised for issue by the Board of Directors on 1st June 2022 and were signed on its behalf by:


Group Chief Executive
Mr. Jubril Adewale Tinubu
FRC/2013/NBA/00000003348



Group Chief Financial Officer
Mr. Adeola Ogunsemi
FRC/2016/ICAN/00000014639

The statement of significant accounting policies and notes on pages 22 to 102 form an integral part of these consolidated and separate financial statements.

Oando PLC
Annual Separate Financial Statements
Statement of financial position
As at 31 December 2019

Assets	Notes	Company 2019 N'000	Company 2018 N'000
Non-current assets			
Property, plant and equipment	15	1,696,350	1,705,378
Intangible assets	16	613,534	-
Right of use asset	46ci	13,458,959	-
Investment properties	17	2,808,000	1,033,000
Investment in associates	18	2,716,431	2,716,431
Finance lease receivables	21	9,202,848	-
Financial assets at fair value through profit or loss	27a	-	11,106,341
Non-current receivables	22	-	2,977,040
Investment in subsidiaries	28	26,638,421	51,932,598
Prepayments	26	164,568	493,705
		<u>57,299,111</u>	<u>71,964,493</u>
Current assets			
Inventories	23	22,578,799	26,514,991
Trade, other receivables and contract assets	24	141,343,373	135,177,498
Prepayments	26	609,113	1,023,376
Financial assets at fair value through profit or loss	27b	45,644	50,716
Cash and cash equivalents (excluding bank overdrafts)	29	1,266,353	1,635,634
		<u>165,843,282</u>	<u>164,402,215</u>
Total assets		<u>223,142,393</u>	<u>236,366,708</u>
Equity and Liabilities			
Equity attributable to equity holders			
Share capital	31	6,215,706	6,215,706
Share premium	31	176,588,527	176,588,527
Retained earnings		(311,586,523)	(243,703,801)
Other reserves	32	-	-
Total Equity		<u>(128,782,290)</u>	<u>(60,899,568)</u>
Liabilities			
Non-current liabilities			
Borrowings	33	-	69,856,667
Decommissioning provisions	34	209,646	-
Lease liabilities	46cii	22,668,097	-
		<u>22,877,743</u>	<u>69,856,667</u>
Current liabilities			
Trade and other payables	35	211,754,578	185,205,478
Borrowings	33	106,199,440	39,392,034
Current income tax liabilities	13b	2,223,274	1,161,820
Lease liabilities	46cii	7,219,371	-
Dividend payable	36	1,650,277	1,650,277
		<u>329,046,940</u>	<u>227,409,609</u>
Total liabilities		<u>351,924,683</u>	<u>297,266,276</u>
Total equity and liabilities		<u>223,142,393</u>	<u>236,366,708</u>

The financial statements and notes on pages 15 to 105 were approved and authorised for issue by the Board of Directors on 1st June 2022 and were signed on its behalf by:


Group Chief Executive
Mr. Subiri Adewale Tinubu
FRC/2013/NBA/00000003348


Group Chief Financial Officer
Mr. Adeola Ogunsemi
FRC/2016/ICAN/00000014639

The statement of significant accounting policies and notes on pages 22 to 102 form an integral part of these consolidated and separate financial statements.

Oando PLC
Annual Consolidated Financial Statements
Consolidated statement of changes in equity
For the year ended 31 December 2019

Group	Share capital & Share premium ¹ N'000	Other reserves ² N'000	Retained earnings N'000	Equity holders of parent N'000	Non controlling interest N'000	Total equity N'000
Balance as at 1 January 2018	182,804,233	131,475,022	(138,677,099)	175,602,156	87,833,624	263,435,780
Effect of adoption of IFRS 9	-	(17,690)	(10,245,238)	(10,262,928)	(10,411,535)	(20,674,463)
Restated total equity at the beginning of the financial year	182,804,233	131,457,332	(148,922,337)	165,339,228	77,422,089	242,761,317
Profit for the year	-	-	24,432,941	24,432,941	4,364,802	28,797,743
Other comprehensive income/(loss) for the year	-	10,295,048	-	10,295,048	(1,008,706)	9,286,342
Total comprehensive income	-	10,295,048	24,432,941	34,727,989	3,356,096	38,084,085
Non controlling interest arising in business combination						
Change in ownership interests in subsidiaries that do not result in a loss of control (Note 42c)	-	2,852,555	(2,045,036)	807,519	(4,536,210)	(3,728,691)
Total transactions with owners of the parent, recognised directly in equity	-	2,852,555	(2,045,036)	807,519	(4,536,210)	(3,728,691)
Balance as at 31 December 2018	182,804,233	144,604,935	(126,534,432)	200,874,736	76,241,975	277,116,711
Balance as at 1 January 2019	182,804,233	144,604,935	(126,534,432)	200,874,736	76,241,975	277,116,711
Effect of adoption of IFRS 16 (note 46b)	-	-	(4,730,668)	(4,730,668)	-	(4,730,668)
Restated total equity at the beginning of the financial year	182,804,233	144,604,935	(131,265,100)	196,144,068	76,241,975	272,386,043
Loss for the year	-	-	(171,821,040)	(171,821,040)	(35,257,254)	(207,078,294)
Other comprehensive income/(loss) for the year	-	6,913,987	-	6,913,987	(398,469)	6,515,518
Total comprehensive income/(loss) for the year	-	6,913,987	(171,821,040)	(164,907,053)	(35,655,723)	(200,562,776)
Non controlling interest arising in business combination						
Change in ownership interests in subsidiaries that do not result in a loss of control (note 42c)	-	(662,321)	(1,667,154)	(2,329,475)	(2,486,073)	(4,815,548)
Balance as at 31 December 2019	182,804,233	150,856,601	(304,753,294)	28,907,540	38,100,179	67,007,719

¹ Share capital includes Ordinary Shares and share premium (Note 31)

² Other reserves include currency translation reserves and share based payment reserves (SBPR). See note 32.

The statement of significant accounting policies and notes on pages 22 to 102 form an integral part of these consolidated and separate financial statements.

Oando PLC
Annual Financial Statements
Separate statement of changes in equity
For the year ended 31 December 2019

Company	Share Capital & Share premium N'000	Other reserves ¹ N'000	Retained earnings N'000	Equity holders of parent/ Total equity N'000
Balance as at 1 January 2018	182,804,233	17,690	(193,330,038)	(10,508,115)
Effect of adoption of IFRS 9	-	(17,690)	(32,051,886)	(32,069,576)
Restated total equity at the beginning of the financial year	182,804,233	-	(225,381,924)	(42,577,691)
Loss for the year	-	-	(18,321,877)	(18,321,877)
Total comprehensive loss	-	-	(18,321,877)	(18,321,877)
Balance as at 31 December 2018	182,804,233	-	(243,703,801)	(60,899,568)
Balance as at 1 January 2019	182,804,233	-	(243,703,801)	(60,899,568)
Effect of adoption of IFRS 16 (note 46b)	-	-	(4,730,668)	(4,730,668)
Restated total equity at the beginning of the financial year	182,804,233	-	(248,434,469)	(65,630,236)
Loss for the year	-	-	(63,152,054)	(63,152,054)
Total comprehensive loss for the year	-	-	(63,152,054)	(63,152,054)
Balance as at 31 December 2019	182,804,233	-	(311,586,523)	(128,782,290)

¹ Other reserves comprise financial assets at fair value through profit or loss. See note 32.

The statement of significant accounting policies and notes on pages 22 to 102 form an integral part of these consolidated and separate financial statements.

Oando PLC
Annual Consolidated and Separate Financial Statements
Consolidated and Separate Statement of Cash flows
For the year ended 31 December 2019

	Notes	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
Cash flows from operating activities					
Cash generated from operations	37	(97,439,499)	115,337,318	1,609,788	9,446,037
Interest paid		(24,298,886)	(28,172,017)	(6,955,889)	(11,889,679)
Income tax paid	13b	(1,436,642)	(29,096,210)	(381)	(365)
Net cash (used in)/generated from operating activities		(123,175,027)	58,069,091	(5,346,482)	(2,444,007)
Cash flows from investing activities					
Purchases of property plant and equipment	15	(27,871,027)	(37,861,804)	(310,110)	(528,824)
Proceeds from disposal of subsidiary, net of cash (OML 125 & 134)		-	1,092,000	-	-
Proceeds from disposal of investment in associate	18, 22d	288,578	-	-	-
Deposit for shares	25	(4,869,758)	(3,037,619)	-	-
Payment with regards to investment property	17	(6,650)	-	(6,650)	-
Acquisition of software	16	(669,310)	-	(669,310)	-
Purchase of intangible exploration assets	16	(1,189,475)	(871,605)	-	-
Proceeds from sale of property, plant and equipment		-	2,402,219	-	13,957
Proceeds from early hedge settlement	20	5,422,940	-	-	-
Recoveries on non-current receivables		8,189,842	3,646,531	-	-
Finance lease received	21iii	8,157,159	7,947,069	4,303,157	-
Interest received		79,985	61,600	79,892	61,537
Net cash (used in)/generated from investing activities		(12,467,716)	(26,621,609)	3,396,979	(453,330)
Cash flows from financing activities					
Proceeds from long term borrowings	37b	129,160,737	-	-	-
Repayment of long term borrowings	37b	(803,167)	(5,683,766)	-	-
Proceeds from other short term borrowings	37b	39,186,536	17,900,337	-	3,318,633
Repayment of other short term borrowings	37b	(17,492,181)	(43,333,273)	(2,843,790)	-
Lease payments		(4,765,827)	-	(7,618,855)	-
Proceeds from loan note from Helios with respect to the sale of the gas & power entities	22d	12,335,222	-	12,335,222	-
Acquired minority interest		-	(3,575,048)	-	-
Restricted cash		953,074	5,795,940	-	-
Net cash generated from/(used in) financing activities		158,574,394	(28,895,810)	1,872,577	3,318,633
Net change in cash and cash equivalents		22,931,651	2,551,672	(76,926)	421,296
Cash and cash equivalents at the beginning of the year		10,620,544	7,895,061	1,341,437	915,653
Exchange gain on cash and cash equivalents		23,987	173,811	1,842	4,488
Cash and cash equivalents at end of the year		33,576,182	10,620,544	1,266,353	1,341,437
Cash and cash equivalent at year end is analysed as follows:					
Cash and bank balance	29	33,576,182	10,914,741	1,266,353	1,635,634
Bank overdrafts	33	-	(294,197)	-	(294,197)
		33,576,182	10,620,544	1,266,353	1,341,437

The statement of significant accounting policies and notes on pages 22 to 102 form an integral part of these consolidated and separate financial statements.

1. General information

Oando PLC (formerly Unipetrol Nigeria PLC.) was registered by a special resolution as a result of the acquisition of the shareholding of Esso Africa Incorporated (principal shareholder of Esso Standard Nigeria Limited) by the Federal Government of Nigeria. It was partially privatised in 1991 and fully privatised in the year 2000 following the disposal of the 40% shareholding of Federal Government of Nigeria to Ocean and Oil Investments Limited and the Nigerian public. In December 2002, the Company merged with Agip Nigeria PLC. following its acquisition of 60% of Agip Petrol's stake in Agip Nigeria PLC. The Company formally changed its name from Unipetrol Nigeria PLC. to Oando PLC in December 2003.

Oando PLC (the "Company") is listed on the Nigerian Stock Exchange and the Johannesburg Stock Exchange. In 2016, the Company embarked on a reorganisation and disposed some subsidiaries in the Energy, Downstream and Gas & Power segments. The Company disposed Oando Energy Services and Akute Power Ltd effective 31 March 2016 and also target companies in the Downstream division effective 30 June 2016. It also divested its interest in the Gas and Power segment in December 2016 with the exception of Alausa Power Ltd which was disposed off on 31 March 2017. The Company retains its significant ownership in Oando Trading Bermuda (OTB), Oando Trading Dubai (OTD) and its upstream businesses (See note 8 for segment result), hereinafter referred to as the Group.

On October 13, 2011, Exile Resources Inc. ("Exile") and the Oando Exploration and Production Division ("OEPD") of Oando PLC ("Oando") announced that they had entered into a definitive master agreement dated September 27, 2011 providing for the previously announced proposed acquisition by Exile of certain shareholding interests in Oando subsidiaries via a Reverse Take Over ("RTO") in respect of Oil Mining Leases ("OMLs") and Oil Prospecting Licenses ("OPLs") (the "Upstream Assets") of Oando (the "Acquisition") first announced on August 2, 2011. The Acquisition was completed on July 24, 2012 (Completion date), giving birth to Oando Energy Resources Inc. ("OER"); a company which was listed on the Toronto Stock Exchange between the Completion date and May 2016. Immediately prior to completion of the Acquisition, Oando PLC and the Oando Exploration and Production Division first entered into a reorganization transaction (the "Oando Reorganization") with the purpose of facilitating the transfer of the OEPD interests to OER (formerly Exile).

OER effectively became the Group's main vehicle for all oil exploration and production activities.

In 2016, OER previously quoted on Toronto Stock Exchange (TSX), notified the (TSX) of its intention to voluntarily delist from the TSX. The intention to delist from the TSX was approved at a Board meeting held on the 18th day of December, 2015. The shares of OER were delisted from the TSX at the close of business on Monday, May 16th 2016. Upon delisting, the requirement to file annual reports and quarterly reports to the Exchange will no longer be required. The Company believes the objectives of the listing in the TSX was not achieved and the Company judges that the continued listing on the TSX was not economically justified.

To effect the delisting, a restructuring of the OER Group was done and a special purpose vehicle, Oando E&P Holdings Limited ("OEPH") was set up to acquire all of the issued and outstanding shares of OER. As a result of the restructuring, shares held by the previous owners of OER (Oando PLC (93.49%), the institutional investors in OER (5.08%) and certain Key Management Personnel (1.43%) were required to be transferred to OEPH, in exchange for an equivalent number of shares in OEPH. The share for share exchange between entities in the Oando Group is considered as a business combination under common control not within the scope of IFRS 3.

OEPH purchased the remaining shares in OER from the remaining shareholders who did not partake in the share exchange arrangement for a cash consideration. The shareholders of the 5,733,277 shares were paid a cash consideration of US\$1.20 per share in accordance with the plan of arrangement. As a result of the above, OEPH Holdings now owns 100% of the shares in OER.

Pursuant of the Amended and Restated Loan Agreement between West Africa Investment Limited (the "Lender" /"WAIL"), Goldeneye Energy Resources Limited (the "Borrower") and Oando PLC (the "Guarantor") dated March 31, 2016, on one hand; and another Amended and Restated Loan Agreement between Goldeneye Energy Resources Limited (the "Borrower"), Southern Star Shipping Co Inc. (the "Lender"/"SS") and Oando PLC (the "Guarantor") also dated 31 March 2016; Oando PLC provided financial guarantee to the Lenders to the tune of US\$32m (WAIL: US\$27m, SS: US\$5m). The essence of the loans was for the borrower to acquire shares owned by the Lenders in Oando Exploration and Production Holdings Limited (OEPH), a subsidiary of Oando PLC. The Borrower agreed to repay the loans in 12 installments starting from March 2017.

The financial guarantee required Oando PLC to pay to the Lenders in its capacity as Guarantor, the loan amounts due (inclusive of accrued interest) if the Borrower is unable to pay while the Borrower is also required to transfer the relevant number of shares held in OEPH to the Guarantor or its Nominee in the event of default.

Upon failure by the Borrower to honor the repayment agreement, the Guarantor paid US\$ 6.1m (which represented principal plus accrued interest) to SS on October 4, 2017. On the same date, the borrower executed a share transfer instrument for the purpose of transferring all the shares previously acquired from SS to the Calabar Power Limited, a wholly owned subsidiary of Oando PLC. Consequently, the Guarantor was discharged of the financial guarantee to SS and Oando PLC now owns 78.18% (2016: 77.74%) shares in OEPH Holdings (see note 42c). The Borrower and Lenders are not related parties to the Guarantor.

On May 19, 2018, Oando PLC (through its subsidiary Calabar Power) acquired 8,631,225 shares in OEPH from some non-controlling interests (NCI) who were paid a cash consideration of US\$1.20 per share in accordance with the plan of arrangement executed for some NCI following the delisting of OER in 2016. As a result, Oando PLC now owns 79.27% (2017: 78.18%) shares in OEPH.

Calabar Power (through Oando PLC) paid \$8.3 million (N3 billion) in 2018 and \$13.5 million (N4.9 billion) in 2019 to WAIL. On May 31, 2019, Goldeneye transferred 5,236,626 shares to Calabar Power amounting to \$13,349,083.59, thereby increasing Oando PLC's (direct and indirect) percentage interest in OEPH to 79.93%. Amounts paid up to 31 December 2019 have been reflected as deposit for shares in these consolidated financial statements.

Subsequently, the company (through Oando PLC) paid the outstanding indebtedness to WAIL as follows: 2020: \$1.5 million, 2021: \$10 million while Goldeneye paid \$4.12 million in 2022 out of the indebtedness to Oando PLC of \$9.59 million (see Note 38xx). The final payment of \$4.12 million extinguished the debt to WAIL as guaranteed by Oando PLC. Upon the final payment and on April 12, 2022, the outstanding shares of 12,218,788 were transferred to Calabar Power.

2. Basis of preparation

The consolidated financial statements of Oando PLC. have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The annual consolidated financial statements are presented in Naira, rounded to the nearest thousand, and prepared under the historical cost convention, except for the revaluation of land and buildings, investment properties, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in Note 6.

3. Changes in accounting policies and disclosures

(a) *New standards, amendments and interpretations adopted by the Group*

The Group has applied IFRS 16 Leases with a date of initial application of 1 January 2019 and has changed its accounting policies for lease contracts as disclosed in Note 5g.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

IFRS 16 supersedes IAS 17, IFRIC 4, SIC-15 and SIC-27. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group has applied IFRS 16 using the modified retrospective approach and the nature and effect of the changes as a result of adoption of these new accounting standards are disclosed in note 46.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments which clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

This interpretation has no impact on the consolidated financial statements of the Group as each entity adopts an approach that best aligns with the tax law/authority's position on an item and to avoid any conflict, each entity requests for the tax ruling from relevant tax authority on a particular issue/item/transaction where an entity is unsure of its tax treatment.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the consolidated financial statements of the Group.

IFRS 3 Business Combinations - Previously held interests in a joint operation

- The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value.
- In doing so, the acquirer remeasures its entire previously held interest in the joint operation.
- An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted. These amendments will apply on future business combinations of the Group.

IFRS 11 Joint Arrangements - Previously held interests in a joint operation

- A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.
- An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity

- The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.
- An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation

- The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.
- An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.
- An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

(b) *New standards, amendments and interpretations issued and not effective for the financial year beginning 1 January 2019*

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these consolidated financial statements. None of these is expected to have significant effect on the consolidated financial statements of the Group, except the following set out below:

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition. It is effective for annual periods beginning on or after 1 January 2020.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, '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 to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements. It is effective for annual periods beginning on or after 1 January 2020.

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. Application of the reliefs is mandatory and these amendments are effective for annual periods beginning on or after 1 January 2020. The Group will assess the potential effect of the amendments on its consolidated financial statements on the transition date.

The Conceptual Framework for Financial Reporting

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

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. It is effective for annual periods beginning on or after 1 January 2020. These amendments may apply to the Group in future.

(c) *New and amended standards and interpretations that do not relate to the Group*

- Amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures - Effective 1 January 2019
- Amendments to IAS 19 Employee Benefits - The amendments apply to plan amendments, curtailments or settlements that occur on or after 1 January 2019, with earlier application permitted - Effective 1 January 2019
- IFRS 17 Insurance Contracts - Effective 1 January 2023
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

4. Basis of Consolidation

(i) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has power or control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of the entity's return. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

In the separate financial statement, investment in subsidiaries is measured at cost less accumulated impairments. Investment in subsidiary is impaired when its recoverable amount is lower than its carrying value and when there are indicators of impairments.

The Group considers all facts and circumstances, including the size of the Group's voting rights relative to the size and dispersion of other vote holders in the determination of control.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

Inter-company transactions, amounts, balances and income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from transactions that are recognised in assets are also eliminated. Accounting policies and amounts of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Changes in ownership interests in subsidiaries without change of control

The Group treats transactions with non-controlling interests that do not result in loss of control as equity transactions. For purchases from non-controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control are classified as cash flows from financing activities.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Investment in associates

Associates are all entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the change in the associate's net assets after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other long term receivables, loans or unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the statement of profit or loss.

Profits and losses resulting from transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Dilution gains and losses arising in investments in associates are recognised in the statement of profit or loss.

In the separate financial statements of the Company, investment in associates are measured at cost less impairment. Investment in associate is impaired when its recoverable amount is lower than its carrying value.

(v) Joint arrangements

The group applies IFRS 11 to all joint arrangements as of 1 January 2013. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains and losses on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

For the arrangements determined to be joint operations, the Group recognises in relation to its interest the following:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses

Transactions with other parties in the joint operations

When the Group enters into a transaction in a joint operation, such as a sale or contribution of assets, the Group recognises gains and losses resulting from such a transaction only to the extent of its interests in the joint operation.

When such transactions provide evidence of a reduction in the net realisable value of the assets to be sold or contributed to the joint operation, or of an impairment loss of those assets, those losses are recognised fully by the Group.

When the Group enters into a transaction with a joint operation in which it is a joint operator, such as a purchase of assets, the Group does not recognise its share of the gains and losses until it resells those assets to a third party. When such transactions provide evidence of a reduction in the net realisable value of the assets to be purchased or of an impairment loss of those assets, the Group recognises its share of those losses.

(vi) Functional currency and translation of foreign currencies

Functional and presentation currency

These consolidated financial statements are presented in Naira, which is the Group's presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The Company's functional and presentation currency is Naira.

(vii) Transactions and balances in Group entities

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing on the dates of the transactions or the date of valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. All other foreign exchange gains and losses are presented in the statement of profit or loss within administrative expenses and other operating income respectively. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets are included in other comprehensive income.

(viii) Consolidation of Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position items presented, are translated at the closing rate at the reporting date;
- income and expenses for each statement of profit or loss are translated at average exchange rates where it is impracticable to translate using spot rate. Where the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case the income and expense are translated at a rate on the dates of the transactions; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(ix) Common Control Business Combinations

Business combinations involving entities ultimately controlled by the Oando Group are accounted for using the pooling of interest method (also known as merger accounting).

A business combination is a "common control combination" if:

- i. The combining entities are ultimately controlled by the same party both before and after the combination and
- ii. Common control is not transitory.

Under a pooling of interest- type method, the acquirer is expected to account for the combination as follows:

- i. The assets and the liabilities of the acquiree are recorded at book value and not at fair value
- ii. Intangible assets and contingent liabilities are recognized only to the extent that they were recognized by the acquiree in accordance with applicable IFRS (in particular IAS 38: Intangible Assets).
- iii. No goodwill is recorded in the consolidated financial statement. The difference between the acquirer's cost of investment and the acquiree's equity is taken directly to equity.
- iv. Any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities.
- v. Any expenses of the combination are written off immediately in the statement of comprehensive income.
- vi. Comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented; and
- vii. Adjustments are made to achieve uniform accounting policies

(ix) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

5. Other significant accounting policies

(a) Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Leadership Council (GLC).

(b) Revenue

Revenue from Contracts with Customers

The Group has adopted IFRS 15 as issued in May 2014 which has resulted in changes in the accounting policy of the Group. IFRS 15 replaces IAS 18 which covers revenue arising from the sale of goods and the rendering of services, IAS 11 which covers construction contracts, and related interpretations.

Revenue represents the fair value of the consideration received or receivable for sales of goods and services, in the ordinary course of Group's activities and is stated net of value-added tax, rebates and discounts and after eliminating sales within the group. The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future benefits will flow to the entity and when specific criteria have been met for each of its activities.

A valid contract is recognised as revenue after:

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

IFRS 15 introduces a five-step model for recognising revenue to depict transfer of goods or services. The model distinguishes between promises to a customer that are satisfied at a point in time and those that are satisfied over time.

a) Revenue recognition

It is the Group's policy to recognise revenue from a contract when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Collectability of a customer's payments is ascertained based on the customer's historical records, guarantees provided, the customer's industry and advance payments made if any.

Revenue is recognised when control of goods sold has been transferred. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits (potential cash inflows or savings in cash outflows) associated with the asset. For crude oil and natural gas liquid, this occurs when the products are lifted by the customer (buyer). Revenue from the sale of oil is recognised at a point in time when performance obligation is satisfied. For gas, revenue is recognised as the product is being passed through the custody transfer point to the customer. Revenue from the sale of gas is recognised over time. The surplus or deficit of the product sold during the period over the Group's ownership share of production is termed as an overlift or underlift. With regard to underlifts, if the over-lifter does not meet the definition of a customer or the settlement of the transaction is non-monetary, a receivable and other income is recognised. If the over-lifter meets the definition of a customer, revenue is recognised and a corresponding receivable.

Conversely, when an overlift occurs, cost of sale is debited and a corresponding liability is accrued. Overlifts and underlifts are initially measured at the market price of oil at the date of lifting, consistent with the measurement of the sale and purchase. Subsequently, they are remeasured at the current market value. The change arising from this remeasurement is included in the profit or loss as other income or cost of sales.

Definition of a customer

A customer is a party that has contracted with the Group to obtain crude oil or gas products in exchange for a consideration, rather than to share in the risks and benefits that result from sale. The Group has entered into collaborative arrangements with its joint venture partners to share in the production of oil. Collaborative arrangements with its joint venture partners to share in the production of oil are accounted for differently from arrangements with customers as collaborators share in the risks and benefits of the transaction, and therefore, do not meet the definition of customers. Revenue arising from these arrangements are recognised separately in other income.

▪ Identification of performance obligation

At inception, the Group assesses the goods or services promised in the contract with a customer to identify as a performance obligation, each promise to transfer to the customer either a distinct good or series of distinct goods. The number of identified performance obligations in a contract will depend on the number of promises made to the customer. The delivery of barrels of crude oil or units of gas are usually the only performance obligation included in oil and gas contract with no additional contractual promises. Additional performance obligations may arise from future contracts with the Group and its customers.

The identification of performance obligations is a crucial part in determining the amount of consideration recognised as revenue. This is due to the fact that revenue is only recognised at the point where the performance obligation is fulfilled, management has therefore developed adequate measures to ensure that all contractual promises are appropriately considered and accounted for accordingly.

▪ Contract enforceability and termination clauses

The Group may enter into contracts that do not create enforceable rights and obligation to parties in the contract. Such instances may include where the counterparty has not met all conditions necessary to kick start the contract or where a non-contractual promise exists between both parties to the agreement. In these instances, the agreement is not yet a valid contract and therefore no revenue can be recognised.

It is the Group's policy to assess that the defined criteria for establishing contracts that entail enforceable rights and obligations are met. The criteria provides that the contract has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable.

The Group may enter into contracts that do not meet the revenue recognition criteria. In such cases, the consideration received will only be recognised as revenue if either of the following has occurred;

- the Group has no remaining obligations to transfer goods/services to the customer and all or substantially all, of the consideration promised by the customer has been received by the Group and is non-refundable
- the contract has been terminated and the consideration received from the customer is non-refundable.

The Group may also have the unilateral rights to terminate an unperformed contract without compensating the other party. This could occur where the Group has not yet transferred any promised goods or services to the customer and the Group has not yet received, and is not yet entitled to receive, any consideration in exchange for promised goods or services.

b) Transaction price

Transaction price is the amount that an entity within the Group allocates to the performance obligations identified in the contract. It represents the amount of revenue recognised as those performance obligations are satisfied. Complexities may arise where a contract includes variable consideration, significant financing component or consideration payable to a customer.

Variable consideration not within the Group's control is estimated at the point of revenue recognition and reassessed periodically. The estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. As a practical expedient, where the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date, the Group may recognise revenue in the amount to which it has a right to invoice.

Significant financing component (SFC) assessment is carried out (using a discount rate that reflects the amount charged in a separate financing transaction with the customer and also considering the Group's incremental borrowing rate) on contracts that have a repayment period of more than 12 months. As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between when it transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Instances when SFC assessment may be carried out include where the Group receives advance payment for agreed volumes of crude oil or receivables take or pay deficiency payment on gas sales. Take or pay gas sales contract ideally provides that the customer must sometimes pay for gas even when not delivered to the customer.

The customer, in future contract years, takes delivery of the product without further payment. The portion of advance payments that represents significant financing component will be recognised as interest revenue.

Consideration payable to a customer is accounted for as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group. Examples include bargaining costs incurred, demurrage and freight costs. These do not represent a distinct service transferred and is therefore recognised as a direct deduction from revenue.

c) Contract modification and contract combination

Contract modifications relates to a change in the price and/or scope of an approved contract. Where there is a contract modification, the Group assesses if the modification will create a new contract or change the existing enforceable rights and obligations of the parties to the original contract.

Contract modifications are treated as new contracts when the performance obligations are separately identifiable and transaction price reflects the standalone selling price of the crude oil or the gas to be sold. Revenue is adjusted prospectively when the crude oil or gas transferred is separately identifiable and the price does not reflect the standalone selling price. Conversely, if there are remaining performance obligations which are not separately identifiable, revenue will be recognised on a cumulative catch-up basis when crude oil or gas is transferred.

The Group enters into new contracts with its customers only on the expiry of the old contract. In the new contracts, prices and scope may be based on terms in the old contract. In gas contracts, prices change over the course of time. Even though gas prices change over time, the changes are based on agreed terms in the initial contract i.e. price change due to consumer price index. The change in price is therefore not a contract modifications. Any other change expected to arise from the modification of a contract is implemented in the new contracts.

The Group combines contracts entered into at near the same time (less than 12 months) as one contract if they are entered into with the same or related party customer, the performance obligations are the same for the contracts and the price of one contract depends on the other contract.

d) Portfolio expedients

As a practical expedient, the Group may apply the requirements of IFRS 15 to a portfolio of contracts (or performance obligations) with similar characteristics if it expects that the effect on the financial statements would not be materially different from applying IFRS 15 to individual contracts within that portfolio.

e) Contract assets and liabilities

The Group recognises contract assets for unbilled revenue from crude oil and gas sales. A contract liability is consideration received for which performance obligation has not been met.

f) Disaggregation of revenue from contract with customers

The Group derives revenue from two types of products, oil and gas. The Group has determined that the disaggregation of revenue based on the criteria of type of products meets the revenue disaggregation disclosure requirement of IFRS 15 as it depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

(c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. Buildings and freehold land are subsequently shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant & equipment are credited to other comprehensive income and shown as a component of other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the statement of profit or loss. Revaluation surplus is recovered through disposal or use of property, plant and equipment. In the event of a disposal, the whole of the revaluation surplus is transferred to retained earnings from other reserves. Otherwise, each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss, and depreciation based on the assets original cost is transferred from "other reserves" to "retained earnings".

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight line method to write down their cost or revalued amounts to their residual values over their estimated useful lives as follows:

Buildings	20 – 50 years	(2 – 5%)
Plant and machinery	8 – 20 years	(5 – 121/2 %)
Fixtures, fittings, computer & equipment, motor vehicles	3 – 5 years	(20 – 331/3 %)
Upstream assets	Unit-of-production (UOP)	

Where the cost of a part of an item of property, plant and equipment is significant when compared to the total cost, that part is depreciated separately based on the pattern which reflects how economic benefits are consumed. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period. An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised within "operating profit/(loss)" in the statement of profit or loss.

Property, plant and equipment under construction is not depreciated until they are available for use.

(d) Intangible assets

(a) Goodwill

Goodwill arises from the acquisition of subsidiaries and is initially measured at cost, being the excess of the aggregate of the consideration transferred, amount recognized for non-controlling interest and any interest previously held over the net identifiable assets acquired, liabilities assumed. Goodwill on acquisitions of subsidiaries is included in intangible assets. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is allocated to cash-generating units (CGU's) for the purpose of impairment testing. The allocation is made to those CGU's expected to benefit from the business combination in which the goodwill arose, identified according to operating segment. Each unit or group of units to which goodwill is allocated represents the lower level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Software licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using straight line method to allocate the cost over their estimated useful lives of three to five years. The amortisation period and residual values are reviewed at each reporting date. Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

(c) Concession contracts

The Group, through its subsidiaries have concession arrangements to fund, design and construct gas pipelines on behalf of the Nigerian Gas Company (NGC). The arrangement requires the Group as the operator to construct gas pipelines on behalf of NGC (the grantor) and recover the cost incurred from a proportion of the sale of gas to customers. The arrangement is within the scope of IFRIC 12.

Under the terms of IFRIC 12, a concession operator has a twofold activity:

- a construction activity in respect of its obligations to design, build and finance a new asset that it makes available to the grantor: revenue is recognised over time in accordance with IFRS 15;
- an operating and maintenance activity in respect of concession assets: revenue is recognised in accordance with IFRS 15.

The intangible asset model: The operator has a right to receive payments from users in consideration for the financing and construction of the infrastructure. The intangible asset model also applies whenever the concession grantor remunerates the concession operator to the extent of use of the infrastructure by users, but with no guarantees as to the amounts that will be paid to the operator.

Under this model, the right to receive payments (or other remuneration) is recognised in the concession operator's statement of financial position under "Concession intangible assets". This right corresponds to the fair value of the asset under concession plus the borrowing costs capitalised during the construction phase. It is amortised over the term of the arrangement in a manner that reflects the pattern in which the asset's economic benefits are consumed by the entity, starting from the entry into service of the asset.

Amortisation of the intangible assets is calculated using the straight line method to write down their cost amounts to their residual values over their estimated useful life of 20 years.

(e) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets in which case, it is included within the recoverable amount of those group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(f) Financial instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

a) Classification and measurement

• Financial assets

It is the Group's policy to initially recognise financial assets at fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Classification and subsequent measurement is dependent on the Group's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Group classifies its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income (OCI).

Financial assets classified at amortised cost

The Group's financial asset are measured at amortised cost only if they meet both of the following conditions:

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

Financial assets classified at fair value through other comprehensive income (debt instruments)

A financial asset shall be measured at fair value through other comprehensive income only if it meets both of the following conditions:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets classified at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets classified at fair value through profit or loss

A financial asset that does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income should be measured at fair value through profit or loss. Also, the Group, at initial recognition, designate a financial asset as measured at fair value through profit or loss if so doing eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Derivatives, including separated embedded derivatives, are also classified as financial assets measured at fair value through profit or loss unless they are designated as effective hedging instruments. This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established. A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

All the Group's financial assets as at 31 December 2019 satisfy the conditions for classification at amortised cost, fair value through profit or loss and as fair value through other comprehensive income under IFRS 9.

The Group's financial assets include trade receivables, finance lease receivables, other receivables, non-current receivables and cash and cash equivalents.

• Financial liabilities

Financial liabilities of the Group are classified and subsequently recognised at amortised cost net of directly attributable transaction costs, except for derivatives which are classified and subsequently recognised at fair value through profit or loss. Fair value gains or losses for financial liabilities designated at fair value through profit or loss are accounted for in profit or loss except for the amount of change that is attributable to changes in the Group's own credit risk which is presented in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in profit or loss. The Group's financial liabilities include trade and other payables, lease liabilities and interest bearing loans and borrowings.

b) Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortised cost and contract assets under IFRS 15: Revenue from Contracts with Customers. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information, that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Group applies the simplified approach or the three-stage general approach to determine impairment of receivables depending on their respective nature. The simplified approach is applied for trade receivables while the three-stage approach is applied to finance lease receivables, other receivables, non-current receivables and cash & cash equivalents.

The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates which is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. These three components are multiplied together and adjusted using macro-economic indicators. This effectively calculates an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

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

c) Significant increase in credit risk and default definition

The Group assesses the credit risk of its financial assets based on the information obtained during periodic review of publicly available information on the entities, industry trends and payment records. Based on the analysis of the information provided, the Group identifies the assets that require close monitoring. Financial assets that have been identified to be more than 30 days past due but less than 360 days past due on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied. In line with the Group's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 30 days after the contractual payment period. Subsequent to default, the Group carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Group determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full.

d) Derecognition

• Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- (i) The rights to receive cash flows from the asset have expired; or
- (ii) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

• Financial liabilities

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

(g) Accounting for leases

Accounting for leases under IFRS 16

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

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

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

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

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

The Group's leases include leases of land, buildings (offices and residential apartments) and aircraft. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. The lease terms range from 1 year to 15 years. On renewal of a lease, the terms may be renegotiated. The leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Group has elected to separate the lease and non-lease components. The non-lease components will be accounted for as an expense in profit or loss in the related period.

Leases in which the Group is a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities

At the commencement date of a lease, the Group recognises lease liabilities at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The lease liability is subsequently 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 Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

Right of use assets

Right-of-use assets are initially measured at cost, comprising of the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases and leases of low-value assets

Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets are assets that have values less than \$5,000 when new, e.g. small IT equipment and small items of office furniture, and depends on the nature of the asset. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term.

Extension and termination options

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

Leases in which the Group is a Lessor

Sub-leases

When the Group 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 Group applies the short term lease exemption, then it classifies the sub-lease as an operating lease.

The Group classifies a sub-lease as finance leases if the sublease is for the a significant part or whole of the term of the head lease. The head lease liability is measured at the present value of the remaining lease payments discounted at the Group's incremental borrowing rate. The measurement of the right-of-use asset depends on the classification of the sub-lease. The Group has defined significant to mean that the sub-lease term represents, at the minimum, 70% of the remaining term of the head lease.

If the sub-lease is classified as a finance lease, the Group does not recognise a right of use asset but recognises a lease receivable (net investment in a lease) to the extent that it is subject to the sub-lease. If the sub-lease is classified as an operating lease, the Group continues to recognise the right-of-use asset.

Accounting for leases under IAS 17

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that right is not explicitly specified in an arrangement. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Group as a lessee

Finance leases, which transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss and other comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss and other comprehensive income on a straight line basis over the lease term.

Embedded leases

All take-or-pay contracts and concession contracts are reviewed at inception to determine whether they contain any embedded leases. If there are any embedded leases, they are assessed as either finance or operating leases and accounted for accordingly.

Group as a lessor

Leases where the Group does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Under a finance lease substantially all the risks and rewards incidental to legal ownership are transferred to the lessee, and a lease receivable is recognized which is equal to the net investment in the lease. The recognition of finance income shall be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

(i) Share capital

Ordinary shares are classified as equity. Share issue costs net of tax are charged to the share premium account.

(j) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

(k) Employee benefits

(i) Retirement benefit obligations

Defined contribution scheme

The Group operates a defined contribution retirement benefit schemes for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group 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 periods. The Group's contributions to the defined contribution plan are charged to the profit or loss in the year to which they relate. The assets of the scheme are funded by contributions from both the Group and employees and are managed by pension fund custodians in line with the National Pension Commission (PenCom) Pension Reform Act (PRA).

Defined benefit scheme

The Group operated a defined benefit gratuity scheme in Nigeria, where members of staff who had spent 3 years or more in employment are entitled to benefit payments upon retirement. This defined benefit plan was curtailed in 2012 and 2013 for management and non-management staff respectively.

The liability recognized in respect of the discontinued defined benefit plan at the time of curtailment was based on the final settlement amounts communicated to each employee. The settlement amounts bore an interest rate equivalent to 90 days deposit rate from the time of curtailment up until when they were paid to an external funds manager in 2017. Prior to the obligation being funded, the interest costs accruing to the employees are recorded in the statement of profit or loss and included as part of the liability in the statement of financial position.

After the settlement was paid to the fund manager in 2017, the Group no longer has any obligation on the statement of financial position.

(ii) Employee share-based compensation

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options/ awards) of the Group. The fair value of the employee services received in exchange for the grant of the option/awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, including any market performance conditions (for example, an entity's share prices); excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and including impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each reporting date, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit or loss, with a corresponding adjustment to share-based payment reserve in equity.

When the options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

Share-based compensation are settled in Oando PLC's shares, in the separate or individual financial statements of the subsidiary receiving the employee services, the share based payments are treated as capital contribution as the subsidiary entity has no obligation to settle the share-based payment transaction.

The entity subsequently re-measures such an equity-settled share-based payment transaction only for changes in non-market vesting conditions.

In the separate financial statements of Oando PLC, the transaction is recognised as an equity-settled share-based payment transaction and additional investments in the subsidiary.

(iii) Other share based payment transactions

Where the Group obtains goods or services in compensation for its shares or the terms of the arrangement provide either the entity or the supplier of those goods or services with a choice of whether the Group settles the transaction in cash (or other assets) or by issuing equity instruments, such transactions are accounted as share based payments in the Group's financial statements.

(iv) Profit-sharing and bonus plans

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

(i) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss.

Provisions for environmental restoration and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value is a pre-tax rate which reflects current market assessments of the time value of money and the specific risk. The increase in the provision due to the passage of time is recognised as interest expense.

Decommissioning liabilities

A provision is recognised for the decommissioning liabilities for underground tanks described in Note 6iv. Based on management estimation of the future cash flows required for the decommissioning of those assets, a provision is recognised and the corresponding amount added to the cost of the asset under property, plant and equipment for assets measured using the cost model. For assets measured using the revaluation model, subsequent changes in the liability are recognised in revaluation reserves through OCI to the extent of any credit balances existing in the revaluation surplus reserve in respect of that asset. The present values are determined using a pre-tax rate which reflects current market assessments of the time value of money and the risks specific to the obligation. Subsequent depreciation charges of the asset are accounted for in accordance with the Group's depreciation policy and the accretion of discount (i.e. the increase during the period in the discounted amount of provision arising from the passage of time) included in finance costs.

Estimated site restoration and abandonment costs are based on current requirements, technology and price levels and are stated at fair value, and the associated asset retirement costs are capitalized as part of the carrying amount of the related tangible fixed assets. The obligation is reflected under provisions in the statement of financial position.

(m) Current income and deferred tax

Income tax expense is the aggregate of the charge to profit or loss in respect of current and deferred income tax.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation. Education tax is provided at 2% of assessable profits of companies operating within Nigeria. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised in OCI or equity respectively. In this case, tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Current income deferred tax is determined using tax rates and laws enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(n) Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to significance of their nature and amount.

(o) Dividend

Dividend payable to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which they are declared (i.e. approved by the shareholders).

(p) Upstream activities

Exploration and evaluation assets

Exploration and evaluation ("E&E") assets represent expenditures incurred on exploration properties for which technical feasibility and commercial viability have not been determined. E&E costs are initially capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired, these costs include acquisition of rights to explore, exploration drilling, carrying costs of unproved properties, and any other activities relating to evaluation of technical feasibility and commercial viability of extracting oil and gas resources. OER will expense items that are not directly attributable to the exploration and evaluation asset pool. Costs that are incurred prior to obtaining the legal right to explore, develop or extract resources are expensed in the statement of profit or loss as incurred. Costs that are capitalized are recorded using the cost model with which they will be carried at cost less accumulated impairment. Costs that are capitalized are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability.

Once technical feasibility and commercial viability of extracting the oil or gas is demonstrable, intangible exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to a separate category within property, plant and equipment ("PP&E") referred to as oil and gas development assets and oil and gas producing assets. If it is determined that commercial discovery has not been achieved, these costs are charged to expense.

Pre-license cost are expensed in the profit or loss in the period in which they occur .

Farm-out arrangements for E&E assets for which OER is the farmor are accounted for by recognizing only the cash payments received and do not recognize any consideration in respect of the value of the work to be performed by the farmee. The carrying value of the remaining interest is the previous cost of the full interest reduced by the amount of cash consideration received for entering the agreement. The effect will be that there is no gain recognized on the disposal unless the cash consideration received exceeds the carrying value of the entire asset held.

Oil and gas assets

When technical feasibility and commercial viability is determinable, costs attributable to those reserves are reclassified from E&E assets to a separate category within property, plant and equipment ("PP&E") referred to as oil and gas properties under oil and gas development assets and oil and gas producing assets. Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as oil and gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in the statement of profit or loss as incurred. Such capitalized oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive loss as incurred.

Oil and gas assets are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Oil and gas assets are incorporated into Cash Generating Units "CGU's" for impairment testing.

The net carrying value of development or production assets is depleted using the unit of production method by reference to the ratio of production in the year to the related proved and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually.

Proved and probable reserves are estimated using independent reserve engineer reports and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

Refer to note "5L" and note 34 for information on the provision for estimated site restoration, abandonment costs and decommissioning costs.

(q) Impairment

The Group assesses its assets for indicators of impairments annually. All assets are reviewed whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. If assets are determined to be impaired, the carrying amounts of those assets are written down to their recoverable amount, which is the higher of fair value less costs to sell and value in use, the latter being determined as the amount of estimated risk-adjusted discounted future cash flows. For this purpose, assets are grouped into cash-generating units based on separately identifiable and largely independent cash inflows.

Estimates of future cash flows used in the evaluation for impairment of assets relating to hydrocarbon production are made using risk assessments on field and reservoir performance and include expectations about proved reserves and unproved volumes, which are then risk-weighted utilising the results from projections of geological, production, recovery and economic factors.

Exploration and evaluation assets are tested for impairment by reference to group of cash-generating units (CGU). Such CGU groupings are not larger than an operating segment. A CGU comprises of a concession with the wells within the field and its related assets as this is the lowest level at which outputs are generated for which independent cash flows can be segregated. Management makes investment decisions/allocates resources and monitors performance on a field/concession basis. Impairment testing for E&E assets is carried out on a field by field basis, which is consistent with the Group's operating segments as defined by IFRS 8.

Impairments, except those related to goodwill, are reversed as applicable to the extent that the events or circumstances that triggered the original impairment have changed.

Impairment charges and reversals are reported separately in the statement of profit or loss. As of the reporting date, an impairment charge of N169.1 billion (2018: N5.98 billion) was recognised in intangible assets. See note 16.

(r) Non-current assets (or disposal groups) held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at lower of carrying amount and fair value less costs to sell.

(s) Production underlift and overlift

The Group receives lifting schedules for oil production generated by the Group's working interest in certain oil and gas properties. These lifting schedules identify the order and frequency with which each partner can lift. The amount of oil lifted by each partner at the reporting date may not be equal to its working interest in the field. Some partners will have taken more than their share (overlifted) and others will have taken less than their share (underlifted). The initial measurement of the overlift liability and underlift asset is at the market price of oil at the date of lifting, consistent with the measurement of the sale and purchase. Overlift balances are subsequently measured at fair value, while underlift balances are carried at lower of carrying amount and current fair value. The change arising from this remeasurement is included in the profit or loss as other income or cost of sales.

(t) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions the market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. External valuers are involved for valuation of significant assets, such as available for sale financial assets, investment properties and significant liabilities. Involvement of external valuers is decided upon annually by the valuation committee after discussion with and approval by the Group's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The valuation committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Board analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Board verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Board, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. On an interim basis, the Board and the Group's external valuers present the valuation results to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(u) Offshore processing arrangements

An offshore processing arrangement involves the lifting of crude oil from an owner (usually government/third party) in agreed specifications and quantities for a swap for agreed yields and specifications of refined petroleum products. Under such arrangements, the owner of the crude oil may not attach monetary value to the crude oil delivered to the Group or the refined products received from the Group. Rather, the owner defines the yields and specification of refined products expected from the Group. Sometimes, the owner may request the Group to deliver specific refined products, increase quantity of certain products contrary to previously agreed quantity ratios, or make cash payments in lieu of delivery of products not required ("retained products"). It is also possible that the owner may request the Group to pre-deliver refined products against future lifting of crude oil. Parties to offshore processing arrangements are often guided by terms and conditions codified in an Agreement/Contract. Such terms may include risk and title to crude oil and refined products, free on board or cost, insurance and freight deliveries by counterparties, obligations of counterparties, costs and basis of reimbursements, etc. Depending on the terms of an offshore processing arrangement, the Group may act as a principal or an agent.

The Group acting in the capacity of a principal under IFRS 15

The Group acts as a principal in an offshore processing arrangement when it controls the promised good or service before transferring that good or service to the customer. When it is unclear whether the Group controls the promised good or service after consideration of the definition of control, then the following indicators are considered to determine if the Group has control:

- it has the primary responsibility for providing the products or services to the customer or for fulfilling the order, for example by being responsible for the acceptability of the products or services ordered or purchased by the customer;
- it has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer (for example, if the customer has a right of return); and
- the entity has discretion in establishing the price for the specified good or service. Establishing the price that the customer pays for the specified good or service may indicate that the entity has the ability to direct the use of that good or service and obtain substantially all of the remaining benefits.

The gross amount of the crude oil received by the Group under an offshore processing arrangement represents consideration for the obligation to the counterparty. Control passes to the counter party upon delivery of refined products. At this point, the Group determines the value of crude oil received using the market price on the date of receipt and records the value as revenue. In addition, the Group records processing fees received/receivable from the counterparty as part of revenue. The Group determines the value of refined products at cost and includes the value in cost of sales in the statement of profit or loss. All direct costs relating to an offshore processing arrangement that are not reimbursable are included in cost of sales, where applicable, in the statement of profit or loss. Such costs may include processing, freight, demurrage, insurance, directly attributable fees and charges, etc. All expenses, which are not directly related to an offshore processing arrangement is included as part of administrative expenses.

Where the Group lifted crude oil but delivered petroleum products subsequent to the accounting period, it does not record the value of the crude oil received as part of revenue. Rather, the Group records the value of crude oil received as deferred revenue under current liabilities.

Where the Group pre-delivered products in expectation of lifting of crude oil in future, it does not record the value in the statement of profit or loss in order to comply with the matching concept. Rather, it will deplete cash (where actual payment was done) or increase trade payables and receivables. The Group transfers the amount recognised from trade receivables to cost of sales and recognise the value of crude oil lifted as turnover, when crude oil is eventually lifted in respect of the pre-delivery.

The Group discloses letters of credit and amounts outstanding at the reporting date under contingent liabilities in the notes to the financial statements.

The Group acting in the capacity of an agent under IFRS 15

The Group acts as an agent in an offshore processing arrangement where the gross inflows of economic benefits include amounts collected on behalf of a third party. Such amounts do not result in increases in equity for the Group. Thus, the amounts collected on behalf of the counterparty are not revenue. Instead, revenue is the amount of commission earned for acting as an agent. Costs incurred by the Group are done on behalf of the counterparty and they are fully reimbursable.

(v) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The Group has elected to state investment properties at fair value in accordance with IAS 40.

6. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Joint arrangements (Note 44b)

Judgement is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, including the approval of the annual capital and operating expenditure work program and budget for the joint arrangement, and the approval of chosen service providers for any major capital expenditure as required by the joint operating agreements applicable to the entity's joint arrangements. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries, as set out in Note 4i.

Judgement is also required to classify a joint arrangement. Classifying the arrangement requires the Group to assess their rights and obligations arising from the arrangement. Specifically, the Group considers:

- The structure of the joint arrangement – whether it is structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Group also considers the rights and obligations arising from: the legal form of the separate vehicle; the terms of the contractual arrangement; and other facts and circumstances, considered on a case by case basis. This assessment often requires significant judgement. A different conclusion about both joint control and whether the arrangement is a joint operation or a joint venture, may materially impact the accounting.

(b) Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- For leases of land and/or buildings, if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the Group.

(c) Capitalisation of borrowing costs

Management exercises sound judgement when determining which assets are qualifying assets, taking into account, among other factors, the nature of the assets. An asset that normally takes more than one year to prepare for use is usually considered as a qualifying asset.

(d) Exploration costs

Exploration costs are capitalised pending the results of evaluation and appraisal to determine the presence of commercially producible quantities of reserves. Following a positive determination, continued capitalisation is subject to further exploration or appraisal activity in that either drilling of additional exploratory wells is under way or firmly planned for the near future or other activities are being undertaken to sufficiently progress the assessment of reserves and the economic and operating viability of the project. In making decisions about whether to continue to capitalise exploration costs, it is necessary to make judgments about the satisfaction of each of these conditions. If there is a change in one of these judgments in any period, then the related capitalised exploration costs would be expensed in that period, resulting in a charge to the statement of profit or loss.

(e) Offshore processing arrangements

Judgement is required in order to determine whether the Group or any of its affiliates acts as a principal or an agent in an offshore processing arrangement. In doing so, the Group considers the nature of arrangements, terms and conditions agreed to by the Group and counterparties and other relevant information. A different conclusion about the role of the Group in an offshore processing arrangement may materially impact the accounting for offshore processing arrangements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The estimates and assumptions that have significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

i Fair value estimation

Financial instruments

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and option pricing models refined to reflect the issuer's specific circumstances. See Note 7 on details of fair value estimation methods applied by the Group.

The carrying value less (impairment) provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Employee share based payments

The fair value of employee share options is determined using valuation techniques such as the binomial lattice/black scholes model. The valuation inputs such as the volatility, dividend yield is based on the market indices of Oando PLC's shares.

Property, plant and equipment

Land and building are carried at revalued amounts. Formal revaluations are performed every three years by independent experts for these asset classes. Appropriate indices, as determined by independent experts, are applied in the intervening periods to ensure that the assets are carried at fair value at the reporting date. Judgement is applied in the selection of such indices. Fair value is derived by applying internationally acceptable and appropriately benchmarked valuation techniques such as depreciated replacement cost or market value approach.

The depreciated replacement cost approach involves estimating the value of the property in its existing use and the gross replacement cost. For this appropriate deductions are made to allow for age, condition and economic or functional obsolescence, environmental and other factors that might result in the existing property being worth less than a new replacement.

The market value approach involves comparing the properties with identical or similar properties, for which evidence of recent transaction is available or alternatively identical or similar properties that are available in the market for sale making adequate adjustments on price information to reflect any differences in terms of actual time of the transaction, including legal, physical and economic characteristics of the properties.

The useful life of each asset group has been determined by independent experts based on the build quality, maintenance history, operational regime and other internationally recognised benchmarks relative to the assets.

ii Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 5e. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. See Note 16 for detailed assumptions and methods used for impairment calculation.

If the estimated pre-tax discount rate applied to the discounted cash flows of the Exploration & Production segment had been higher by 1% (i.e. 13.13% instead of 12.13%), the Group would have recognised an impairment against goodwill of N189.2 billion. The goodwill for the Trading segment has been fully impaired (Note 16b).

iii Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

iv Provision for environmental restoration

The Group records a liability for the fair value of legal obligations associated with the decommissioning of oil and gas and any other relevant assets in the period in which they are incurred, normally when the asset is purchased or developed. On recognition of the liability there is a corresponding increase in the carrying amount of the related asset known as the decommissioning cost, which is depleted on a unit-of-production basis over the life of the reserves for oil and gas assets. The liability is adjusted each reporting period to reflect the passage of time using the risk free rate, with the interest charged to earnings, and for revisions, to the estimated future cash flows. The changes in the estimate for decommissioning obligation are recorded both under the related asset and liability. When the estimate results in a reduction, the changes deducted from the carrying amount of the asset shall not exceed the carrying amount of the asset. Actual costs incurred upon settlement of the obligations are charged against the liability.

v Estimation of oil and gas reserves

Oil and gas reserves are key elements in Oando's investment decision-making process that is focused on generating value. They are also an important factor in testing for impairment. Changes in proved oil and gas reserves will affect the standardised measure of discounted cash flows and unit-of-production depreciation charges to the statement of profit or loss.

Proved oil and gas reserves are the estimated quantities of crude oil that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Proved developed reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Estimates of oil and gas reserves are inherently imprecise, require the application of judgement and are subject to future revision. Accordingly, financial and accounting measures (such as the standardised measure of discounted cash flows, depreciation, depletion and amortisation charges, and decommissioning and restoration provisions) that are based on proved reserves are also subject to change.

Proved reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. Proved reserves estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured.

Furthermore, estimates of proved reserves only include volumes for which access to market is assured with reasonable certainty. All proved reserves estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. Changes in the technical maturity of hydrocarbon reserves resulting from new information becoming available from development and production activities have tended to be the most significant cause of annual revisions.

In general, estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As a field goes into production, the amount of proved reserves will be subject to future revision once additional information becomes available through, for example, the drilling of additional wells or the observation of long-term reservoir performance under producing conditions. As those fields are further developed, new information may lead to revisions.

vi Impairment of assets

For oil and gas properties with no proved reserves, the capitalisation of exploration costs and the basis for carrying those costs on the statement of financial position are explained above. For other properties, the carrying amounts of major property, plant and equipment are reviewed for possible impairment annually, while all assets are reviewed whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. If assets are determined to be impaired, the carrying amounts of those assets are written down to their recoverable amount. For this purpose, assets are grouped into cash-generating units based on separately identifiable and largely independent cash inflows. Impairments can also occur when decisions are taken to dispose off assets.

Impairments, except those relating to goodwill, are reversed as applicable to the extent that the events or circumstances that triggered the original impairment have changed. Estimates of future cash flows are based on current year end prices, management estimates of future production volumes, market supply and demand and product margins. Expected future production volumes, which include both proved reserves as well as volumes that are expected to constitute proved reserves in the future, are used for impairment testing because the Group believes this to be the most appropriate indicator of expected future cash flows, used as a measure of value in use.

Estimates of future cash flows are risk-weighted to reflect expected cash flows and are consistent with those used in the Group's business plans. A discount rate based on the Group's weighted average cost of capital (WACC) is used in impairment testing. Expected cash flows are then risk-adjusted to reflect specific local circumstances or risks surrounding the cash flows. Oando reviews the discount rate to be applied on an annual basis. The discount rate applied in 2019 was 12.13% (2018: 17.60%). Asset impairments or their reversal will impact income.

vii Useful lives and residual value of property, plant and equipment

The residual values, depreciation methods and estimated useful lives of property, plant and equipment are reviewed at least on an annual basis. The review is based on the current market situation.

The residual value of the various classes of assets were estimated as follows:

Land and building - 10%
Plant and machinery - 10%
Motor vehicles - 10%
Furniture and fittings - 10%
Computer and IT equipment - 10%

These estimates have been consistent with the amounts realised from previous disposals for the various asset categories.

viii Investment properties

In 2017, the Company had an investment property (a land (5,168.14 sqms) in Abuja, Nigeria and in 2019, the Company perfected the title of another land of 10,864.11 sqm located in Oniru, Lagos, Nigeria as the sublease lease agreement for the Oniru Land was consented to by the Honorable Commissioner, Ministry of Physical Planning and Urban Development on February 01, 2019.

The fair value of the properties were determined during the year using the direct market comparison method of valuation by an independent Estate Valuer, Ubosi Eleh and Co - represented by Emeka D. Eleh (FRC/2015/NIESV/00000013406). The direct comparison method involves the analysis of similar properties that have recently been transacted upon in the open market within the locality and adjusting appropriately to take care of the peculiarities and level of completion of the subject property in arriving at the value. This has therefore been classified under level 3.

ix **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 7.

7 **Financial risk management**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flows interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on its financial and operational performance.

The Group has a risk management function that manages the financial risks relating to the Group's operations under the policies approved by the Board of Directors. The Group's liquidity, credit, foreign currency, interest rate and price risks are continuously monitored. The Board approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk and credit risk. The Group uses derivative financial instruments to manage certain risk exposures.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, trade and other receivables and payables, non current receivables, financial assets measured at fair value through profit or loss and derivative financial instruments.

(i) **Foreign exchange risk**

The Group operates internationally and is exposed to foreign exchange risk arising primarily from various product sourcing activities as well as other currency exposures, mainly US Dollars. Foreign exchange risk arises when future commercial transactions and recorded assets and liabilities are denominated in a currency that is not the entity's functional currency e.g. foreign currency denominated loans, purchases and sales transactions etc. The Group manages their foreign exchange risk by revising cost estimates of orders based on exchange rate fluctuations, forward contracts and cross currency swaps transacted with commercial banks. The Group also apply internal hedging strategies with subsidiaries with USD functional currency.

Group		2019		2018	
Instrument	Sensitivity Range	Pre-tax impact on total equity		Pre-tax impact on total equity	
		Increase in variable	Decrease in variable	Increase in variable	Decrease in variable
		N'000	N'000	N'000	N'000
US Dollar denominated bank balances and receivables	+/- 12%	16,556,313	(16,556,313)	17,122,194	(17,122,194)
US Dollar denominated trade payables and borrowing balances	+/- 12%	(59,177,854)	59,177,854	(38,817,928)	38,817,928

Company		2019		2018	
Instrument	Sensitivity Range	Pre-tax impact on total equity		Pre-tax impact on total equity	
		Increase in variable	Decrease in variable	Increase in variable	Decrease in variable
		N'000	N'000	N'000	N'000
US Dollar denominated bank balances and receivables	+/- 12%	1,138,457	(1,138,457)	1,306,932	(1,306,932)
US Dollar denominated trade payables and borrowing balances	+/- 12%	(6,449,323)	6,449,323	(6,608,506)	6,608,506

(ii) **Price risk**

Equity price risk

The Group is exposed to equity security price risk because of its investments in the marketable securities classified as financial assets measured at fair value through profit or loss. The shares held by the Group are traded on the Nigerian Stock Exchange (NSE). A 10% change in the market price of the instrument would result in N4.6 million gain/loss (2018: N5.1 million), to be recognised in equity.

Commodity price risk

Fluctuations in the international prices of crude oil would have corresponding effects on the results of operations of the Group. In order to mitigate against the risk of fluctuation in international crude oil prices, the Group hedges its exposure to fluctuations in the price of the commodity by entering into hedges for minimum volumes and prices in US\$ per barrel of oil.

The table below provides a summary of the impact of changes in crude oil prices and interest rates on income before tax, with all other variables held constant for the year ended December 31, 2019 and December 31, 2018.

		2019		2018	
Instrument	Sensitivity Range	Income/(loss) before tax		Income/(loss) before tax	
		Increase in variable	Decrease in variable	Increase in variable	Decrease in variable
		N'000	N'000	N'000	N'000
Financial commodity contracts	+/- \$10 per barrel change in Brent crude oil price	(653,001)	2,223,245	(1,051,250)	919,844

(iii) Interest rate risk

The Group had a short term, highly liquid bank deposits of N768 million at a fixed interest rate of 10.89% as at 31 December 2019 (2018: N220 million at a fixed interest rate of 4.5%). No limits are placed on the ratio of variable rate borrowing to fixed rate borrowing.

The Group does not have any investments in quoted corporate bonds that are of fixed rate and carried at fair value through profit or loss. Therefore the Group is not exposed to fair value interest rate risk arising from corporate bonds.

The Group has borrowings at variable rates, which expose the Group to cash flow interest rate risk. The Group regularly monitors financing options available to ensure optimum interest rates are obtained.

Management enters into derivative contracts as an economic hedge against interest and foreign currency exposures. As at the reporting date, the Group does not have any outstanding derivatives with respect to interest and foreign currency hedge.

Group		2019		2018	
Instrument	Sensitivity Range	Income/(loss) before tax		Income/(loss) before tax	
		Increase in variable N'000	Decrease in variable N'000	Increase in variable N'000	Decrease in variable N'000
Variable rate borrowings	+/- 100 basis points	(2,591,842)	2,591,842	(1,047,153)	1,047,153

Company		2019		2018	
Instrument	Sensitivity Range	Income/(loss) before tax		Income/(loss) before tax	
		Increase in variable N'000	Decrease in variable N'000	Increase in variable N'000	Decrease in variable N'000
Variable rate borrowings	+/- 100 basis points	(63,199)	63,199	(63,110)	63,110

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, finance lease receivables, non-current receivables and deposits with banks as well as trade and other receivables. The Group has policies in place to ensure that credit limits are set for commercial customers taking into consideration the customers' financial position, past trading relationship, credit history and other factors.

Credit risk is monitored by the credit risk department of the Group's Financial Control Unit. It is their responsibility to review and manage credit risk, including environmental and social risk for all types of counterparties.

The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. Counterparties are assigned a risk rating and risk ratings are subject to regular revision. The credit quality review process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The Group assesses the credit risk of its financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records.

Impairment of financial assets

The Group has five types of financial assets that are subject to the expected credit loss model. These financial assets have been assessed using the simplified approach and general approach. See classification below:

Simplified approach:

- trade receivables and contract assets from sales of goods and provision of services

General approach:

- other receivables; comprises of inter-company receivables and inter-company loan receivables
- non-current receivables
- restricted cash, short term fixed deposits and bank balances
- finance lease receivable

Simplified approach

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the payment profiles of sales over a period of at least 2 years and the corresponding historical credit losses experienced within this period for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group has identified the gross domestic product (GDP) growth rate, oil prices, unemployment rate, interest rate, inflation rate and the exchange rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 24. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions.

Trade receivables are written off where the Group determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full. Impairment losses on trade receivables are presented within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

GROUP

31 December 2019	Current	1 and 30 days past due	31 and 60 days past due	61 and 90 days past due	91 and 360 days past due	360 days past due	Total
Expected credit loss	35,603	18,538	33,440	48,519	141,817	1,846,586	2,124,503
Oando Energy Resources (OER)	34,640	17,576	32,626	47,995	138,433	482,676	753,946
Oando Trading DMCC Dubai (OTD)	-	-	19	27	-	1,352,213	1,352,259
Oando Logistics Services (OLS)	108	962	795	497	3,384	11,697	17,443
Company	855	-	-	-	-	-	855
Gross carrying amount – trade receivables	10,182,983	1,879,093	1,224,616	1,293,728	2,842,152	1,846,586	19,269,158
Oando Energy Resources (OER)*	7,276,301	1,849,456	1,152,748	1,203,923	2,823,515	482,676	14,788,619
Oando Trading DMCC Dubai (OTD)	-	-	62,598	89,007	-	1,352,213	1,503,818
Oando Logistics Services (OLS)	81,500	29,637	9,270	798	18,637	11,697	151,539
Company	2,825,182	-	-	-	-	-	2,825,182

The breakdown of the above table is shown below;

Oando Energy Resources (OER)	Gross carrying amount – trade receivables (A)			Loss rate (B)		Expected credit loss (A*B)		Total expected credit loss
	Oil & Gas	Power & Utilities	Total	Oil & Gas	Power & Utilities	Oil & Gas	Power & Utilities	
Current	5,112,464	2,163,837	7,276,301	0.030%	1.53%	1,517	33,123	34,640
1 and 30 days past due	706,674	1,142,782	1,849,456	0.030%	1.52%	212	17,364	17,576
31 and 60 days past due	-	1,152,748	1,152,748	0.030%	2.83%	-	32,626	32,626
61 and 90 days past due	41,491	1,162,432	1,203,923	0.030%	4.13%	12	47,983	47,995
91 and 360 days past due	250,597	2,572,918	2,823,515	0.030%	5.38%	75	138,358	138,433
360 days past due	-	482,676	482,676	100.00%	100.00%	-	482,676	482,676
Total	6,111,226	8,677,393	14,788,619			1,816	752,130	753,946

Oando Trading DMCC Dubai (OTD)	Gross carrying amount – trade receivables (A)			Loss rate (B)		Expected credit loss (A*B)		Total expected credit loss
	Oil & Gas	Power & Utilities	Total	Oil & Gas	Power & Utilities	Oil & Gas	Power & Utilities	
Current	-	-	-	0.03%	-	-	-	-
1 and 30 days past due	-	-	-	0.03%	-	-	-	-
31 and 60 days past due	62,598	-	62,598.00	0.03%	-	19	-	19
61 and 90 days past due	89,007	-	89,007.00	0.03%	-	27	-	27
91 and 360 days past due	-	-	0	0.03%	-	-	-	-
360 days past due	1,352,213	-	1,352,213	100.00%	-	1,352,213	-	1,352,213
Total	1,503,818	-	1,503,818			1,352,259	-	1,352,259

Oando Logistics Services (OLS)	Gross carrying amount – trade receivables (A)			Loss rate (B)		Expected credit loss (A*B)		Total expected credit loss
	Individuals	Oil & Gas	Total	Individuals	Oil & Gas	Individuals	Oil & Gas	
Current	440	81,060	81,500	4.30%	0.11%	19	89	108
1 and 30 days past due	-	29,637	29,637	35.10%	3.25%	-	962	962
31 and 60 days past due	-	9,270	9,270	62.34%	8.58%	-	795	795
61 and 90 days past due	798	-	798	62.34%	11.71%	497	-	497
91 and 360 days past due	665	17,972	18,637	80.61%	15.84%	536	2,848	3,384
360 days past due	2,975	8,722	11,697.00	100.00%	100.00%	2,975	8,722	11,697
Total	4,878	146,661	151,539			4,027	13,416	17,443

COMPANY	Gross carrying amount – trade receivables (A)			Loss rate (B)		Expected credit loss (A*B)		Total expected credit loss
	Individuals	Oil & Gas	Total	Individuals	Oil & Gas	Individuals	Oil & Gas	
Current - Third parties	-	2,825,182	2,825,182	0.00%	0.03%	-	855	855
Current - Related party*	-	13,650,952	13,650,952	0.00%	0.03%	-	4,367	4,367
Total	-	16,476,134	16,476,134			-	5,222	5,222

* The impairment of trade receivables from the related party is eliminated on consolidation.

31 December 2018

GROUP	Current	1 and 30 days past due	31 and 60 days past due	61 and 90 days past due	91 and 360 days past due	360 days past due	Total
Expected credit loss	2,102	12,523	180	837	422	2,338,793	2,354,857
Oando Energy Resources (OER)	2,091	595	180	828	303	1,301,354	1,305,351
Oando Trading DMCC Dubai (OTD)	-	11,925	-	-	94	1,037,439	1,049,458
Oando Logistics Services (OLS)	11,00	3	-	9	25	-	48
Gross carrying amount – trade receivables	6,850,627	41,712,147	585,536	2,770,807	1,391,696	2,338,793	55,649,606
Oando Energy Resources (OER)	6,813,716	1,951,040	583,856	2,741,284	995,066	1,301,354	14,386,316
Oando Trading DMCC Dubai (OTD)	-	39,750,062	-	-	312,882	1,037,439	41,100,383
Oando Logistics Services (OLS)	36,911	11,045	1,680	29,523	83,748	-	162,907

The breakdown of the above table is shown below;

Energy Resources (OER)	Gross carrying amount – trade receivables (A)			Loss rate (B)		Expected credit loss (A*B)		Total expected credit loss
	Oil & Gas	Power & Utilities	Total	Oil & Gas	Power & Utilities	Oil & Gas	Power & Utilities	
Current	4,726,540	2,087,176	6,813,716	0.03%	0.03%	1,465	626	2,091
1 and 30 days past due	930,748	1,020,292	1,951,040	0.03%	0.03%	289	306	595
31 and 60 days past due	478,660	105,196	583,856	0.03%	0.03%	148	32	180
61 and 90 days past due	561,288	2,179,996	2,741,284	0.03%	0.03%	174	654	828
91 and 360 days past due	449,794	545,272	995,066	0.03%	0.03%	139	164	303
360 days past due	1,301,354	-	1,301,354	100.00%	100.00%	1,301,354	-	1,301,354
Total	8,448,384	5,937,932	14,386,316			1,303,569	1,782	1,305,351

Trading DMCC Dubai	Gross carrying amount – trade receivables (A)			Loss rate (B)		Expected credit loss (A*B)		Total expected credit loss
	Oil & Gas	Power & Utilities	Total	Oil & Gas	Power & Utilities	Oil & Gas	Power & Utilities	
Current	-	-	-	0.03%	-	-	-	-
1 and 30 days past due	39,750,062	-	39,750,062.00	0.03%	-	11,925	-	11,925
31 and 60 days past due	-	-	-	0.03%	-	-	-	-
61 and 90 days past due	-	-	-	0.03%	-	-	-	-
91 and 360 days past due	312,882	-	312,882.00	0.03%	-	94	-	94
360 days past due	1,037,439	-	1,037,439.00	100.00%	-	1,037,439	-	1,037,439
Total	41,100,383	-	41,100,383			1,049,458	-	1,049,458

Oando Logistics Services (OLS)	Gross carrying amount – trade receivables (A)			Loss rate (B)		Expected credit loss (A*B)		Total expected credit loss
	Individuals	Oil & Gas		Individuals	Oil & Gas	Individuals	Oil & Gas	
			Total					
Current 1 and 30 days past due	3,515	33,396	36,911	0.03%	0.03%	1	10	11
31 and 60 days past due	1,336	9,709	11,045	0.03%	0.03%	-	3	3
61 and 90 days past due	1,470	210	1,680	0.03%	0.03%	-	-	-
91 and 360 days past due	1,384	28,139	29,523	0.03%	0.03%	-	9	9
360 days past due	7,006	76,742	83,748	0.03%	0.03%	2	23	25
	-	-	-	100.00%	100.00%	-	-	-
Total	14,711	148,196	162,907			3	45	48

COMPANY	Gross carrying amount – trade receivables (A)			Loss rate (B)		Expected credit loss (A*B)		Total expected credit loss
	Individuals	Oil & Gas	Total	Individuals	Oil & Gas	Individuals	Oil & Gas	
Current - Related party*	-	14,741,452	14,741,452	0.00%	0.03%	-	4,422	4,422

* The impairment of trade receivables from the related party is eliminated on consolidation.

	Group		Company	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Balance as at 1 January - under IAS 39	2,354,857	1,773,006	4,422	-
Adjustment upon application of IFRS 9	-	1,171,427	-	-
Opening loss allowance as at 1 January 2018 – As restated	2,354,857	2,944,433	4,422	-
Increase in trade receivables loss allowance recognised in profit or loss during the year	1,307,967	(581,070)	800	4,422
Receivables written off during the year as uncollectible	(1,551,289)	-	-	-
Exchange difference	12,968	(8,506)	-	-
At 31 December	2,124,503	2,354,857	5,222	4,422

General approach - Expected credit loss measurement

The Group applied the IFRS 9 general approach to measuring expected credit losses which uses a three-stage approach in recognising the expected loss allowance for finance lease receivables, other receivables, non-current receivables, restricted cash, short-term fixed deposits and bank balances.

Expected credit loss (ECL) recognised for the period is a probability of weighted estimate of credit losses under different scenarios discounted at the effective interest rate of the financial asset. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-months ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECL). For those credit exposures that have already defaulted, a loss allowance equal to the exposure is recognised.

The ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not been prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Basis of inputs to the ECL model

Probability of default (PD)

The credit rating of the counterparties was used to reflect the assessment of the probability of default on these receivables. This was derived from Standard & Poor's (S&P) 2017 - 2018 annual global rating scale to arrive at a PD for the respective countries. The PD for Stage 3 receivables was 100% as these amounts were deemed to be in default using the days past due criteria. The PD was adjusted for macro economics factors.

Loss given default (LGD)

The LGD is the average recovery rate for Moody's Senior Unsecured Corporate Bonds.

Exposure at default (EAD)

This is the amount that best represents the maximum exposure to credit risk at the end of the reporting period without taking account of any collateral.

Macroeconomic indicators

The real historical gross domestic product (GDP) growth rate in Nigeria, inflation rate, unemployment rate and crude oil price were identified as the key economic variables impacting the credit risk on these receivables. Forecasts of these economic variables (the "base economic scenario") provide the best estimate view of the economy in the last thirty (30) years. In addition to the base economic scenario, two additional scenarios (upturn and downturn) were derived as the scenario weightings.

The probability weight attached to each of the scenarios was determined using the GDP growth rates. The historical GDP growth rates were evaluated at 95% confidence interval. Based on this confidence interval, 79.37% (2018:78.81%) of historical GDP growth rate observation falls within the acceptable bounds, 10.32% (2018:10.17%) of the observation relates to upturn while 10.32% (2018:11.02%) of the observation relate to periods of recession/downturn.

Staging

The Group considers both quantitative and qualitative indicators in classifying its receivables into the relevant stages for impairment calculation.

Stage 1 includes receivables that are less than 30 days past due (performing).

Stage 2 includes receivables that have been assessed to have experienced a significant increase in credit risk using the days past due criteria (i.e. the outstanding receivables amount are more than 30 days past due but less than 360 days past due) and other qualitative indicators such as the operational performance of the counterparty, increase in political risk concerns or other macro-economic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance.

Stage 3 receivables are receivables that have been assessed as being in default (i.e. receivables that are more than 360 days past due) or there is a clear indication that the imposition of financial or legal penalties and/or sanctions will make the full recovery of indebtedness highly improbable.

Definition of default and credit impaired financial assets

The Group considers a financial asset in default when contractual payments are 30 days past due except for receivables from Nigeria Bulk Electricity Trading PLC which is 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group (if any). A financial asset is written off where the Group determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full.

Group

Other receivables

The table below shows the credit quality of other receivables which have been assessed by reference to historical information about counterparty default rates. The amounts presented are gross of impairment allowances.

	2019			2018	
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000	Total N'000
Performing	78,310,328	-	-	78,310,328	27,656,936
Non - performing					
Individually impaired	-	-	177,501,486	177,501,486	20,869,092
	78,310,328	-	177,501,486	255,811,814	48,526,028

The closing loss allowances for other receivables as at 31 December 2019 reconcile to the opening loss allowances as follows:

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2019	78,899	-	20,869,092	20,947,991
Assets written off	-	-	(2,525,176)	(2,525,176)
(Reversal of impairment)/impairment of assets	(25,782)	-	157,876,859	157,851,077
Exchange difference	-	-	1,280,711	1,280,711
At 31 December 2019	53,117	-	177,501,486	177,554,603

	2018			Total N'000
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Performing	27,656,936	-	-	27,656,936
Non - performing				
Individually impaired	-	-	20,869,092	20,869,092
	27,656,936	-	20,869,092	48,526,028

The closing loss allowances for other receivables as at 31 December 2018 reconcile to the opening loss allowances as follows:

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2018 under IFRS 9	28,801	-	34,296,880	34,325,681
Reversal of impairment of assets	50,098	-	(12,874,356)	(12,824,258)
Exchange difference	-	-	(553,432)	(553,432)
At 31 December 2018	78,899	-	20,869,092	20,947,991

Non-current receivables

The table below shows the credit quality of non-current receivables which have been assessed by reference to historical information about counterparty default rates. The amounts presented are gross of impairment allowances.

Group	2019				2018
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000	Total N'000
Performing	7,628,512	-	-	7,628,512	13,155,911
Non - performing					
Individually impaired	-	-	35,791,961	35,791,961	47,800,996
	7,628,512	-	35,791,961	43,420,473	60,956,907

The closing loss allowances for non-current receivables as at 31 December 2019 reconcile to the opening loss allowances as follows:

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2019	310,731	-	47,566,989	47,877,720
Changes to contractual cash flows due to changes in exchange rates	53,822	-	37,077	90,899
Reversal of impairment of assets	(364,553)	-	(11,789,198)	(12,153,751)
Exchange difference	-	-	(22,907)	(22,907)
At 31 December 2019	-	-	35,791,961	35,791,961

Group	2018			
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Performing	13,155,911	-	-	13,155,911
Non - performing				
Individually impaired	-	-	47,800,996	47,800,996
	13,155,911	-	47,800,996	60,956,907

The closing loss allowances for non-current receivables as at 31 December 2018 reconcile to the opening loss allowances as follows:

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2018 under IFRS 9	231,415	-	47,151,928	47,383,343
Changes to contractual cash flows due to changes in exchange rates	80,410	-	173,489	253,899
Reversal of impairment of assets	(1,094)	-	-	(1,094)
Exchange difference	-	-	241,572	241,572
At 31 December 2018	310,731	-	47,566,989	47,877,720

Finance lease receivables

The table below shows the credit quality of finance lease receivables which have been assessed by reference to historical information about counterparty default rates. The amounts presented are gross of impairment allowances.

Group	2019				2018
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000	Total N'000
Performing	74,084,541	-	-	74,084,541	73,708,547
Non - performing					
Individually impaired	-	-	-	-	-
	74,084,541	-	-	74,084,541	73,708,547

The closing loss allowances for finance lease receivables as at 31 December 2019 reconcile to the opening loss allowances as follows:

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2019	95,684	-	-	95,684
Impairment of assets	474,434	-	-	474,434
Exchange difference	3,458	-	-	3,458
At 31 December 2019	573,576	-	-	573,576

Group	2018			
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Performing	73,708,547	-	-	73,708,547
Non - performing				
Individually impaired	-	-	-	-
	73,708,547	-	-	73,708,547

The closing loss allowances for finance lease receivables as at 31 December 2018 reconcile to the opening loss allowances as follows:

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2018 under IFRS 9	97,697	-	-	97,697
Impairment of assets	(2,991)	-	-	(2,991)
Exchange difference	978	-	-	978
At 31 December 2018	95,684	-	-	95,684

Company

Other receivables

The table below shows the credit quality of other receivables which have been assessed by reference to historical information about counterparty default rates. The amounts presented are gross of impairment allowances.

	2019				2018
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000	Total N'000
Performing	121,312,281	-	-	121,312,281	117,814,449
Non - performing					
Individually impaired	-	-	63,223,710	63,223,710	66,043,755
	121,312,281	-	63,223,710	184,535,991	183,858,204

The closing loss allowances for other receivables as at 31 December 2019 reconcile to the opening loss allowances as follows:

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2019	203,369	-	66,039,333	66,242,702
Assets written off	-	-	(2,525,176)	(2,525,176)
Assets derecognised or repaid	(25,726)	-	(290,447)	(316,173)
At 31 December 2019	177,643	-	63,223,710	63,401,353

	2018			
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Performing	117,814,449	-	-	117,814,449
Non - performing				
Individually impaired	-	-	66,043,755	66,043,755
	117,814,449	-	66,043,755	183,858,204

The closing loss allowances for other receivables as at 31 December 2018 reconcile to the opening loss allowances as follows:

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2018 under IFRS 9	197,592	-	79,771,957	79,969,549
New assets originated or purchased	5,777	-	-	5,777
Assets derecognised	-	-	(3,264,282)	(3,264,282)
Reversal of impairment of assets	-	-	(10,468,342)	(10,468,342)
At 31 December 2018	203,369	-	66,039,333	66,242,702

Non-current receivables

The table below shows the credit quality of non-current receivables which have been assessed by reference to historical information about counterparty default rates. The amounts presented are gross of impairment allowances.

	2019				2018
Company	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000	Total N'000
Performing	-	-	-	-	3,060,615
Non - performing					
Individually impaired	-	-	17,231,217	17,231,217	23,607,246
	-	-	17,231,217	17,231,217	26,667,861

An analysis of changes in the gross carrying amount in relation to non-current receivables is, as follows:

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Gross carrying amount as at 1 January 2019	3,060,615	-	23,607,246	26,667,861
Changes to contractual cash flows due to changes in exchange rates	(3,060,615)	-	(6,376,029)	(9,436,644)
Gross carrying amount as at 31 December 2019	-	-	17,231,217	17,231,217

The closing loss allowances for non-current receivables as at 31 December 2019 reconcile to the opening loss allowances as follows:

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2019	83,575	-	23,607,246	23,690,821
Reversal of impairment of assets	(83,575)	-	(6,424,576)	(6,508,151)
Changes to contractual cash flows due to changes in exchange rates	-	-	107,684	107,684
Exchange difference	-	-	(59,137)	(59,137)
At 31 December 2019	-	-	17,231,217	17,231,217

	2018			
Company	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Performing	3,060,615	-	-	3,060,615
Non - performing				
Individually impaired	-	-	23,607,246	23,607,246
	3,060,615	-	23,607,246	26,667,861

An analysis of changes in the gross carrying amount in relation to non-current receivables is, as follows:

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
Gross carrying amount as at 1 January 2018	2,965,228	-	23,433,757	26,398,985
Changes to contractual cash flows due to changes in exchange rates	95,387	-	173,489	268,876
Gross carrying amount as at 31 December 2018	3,060,615	-	23,607,246	26,667,861

The closing loss allowances for non-current receivables as at 31 December 2018 reconcile to the opening loss allowances as follows:

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2018 under IFRS 9	4,259	-	23,433,757	23,438,016
Changes to contractual cash flows due to changes in exchange rates	79,316	-	173,489	252,805
At 31 December 2018	83,575	-	23,607,246	23,690,821

Finance lease receivables

The table below shows the credit quality of finance lease receivables which have been assessed by reference to historical information about counterparty default rates. The amounts presented are gross of impairment allowances.

	2019			2018	
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000	Total N'000
Company					
Performing	9,320,225	-	-	9,320,225	-
Non - performing					
Individually impaired	-	-	-	-	-
	9,320,225	-	-	9,320,225	-

The closing loss allowances for finance lease receivables as at 31 December 2019 reconcile to the opening loss allowances as follows:

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000
ECL allowance as at 1 January 2019	-	-	-	-
Impairment of assets	117,377	-	-	117,377
At 31 December 2019	117,377	-	-	117,377

*The Company had no finance lease receivables in 2018.

At 31 December 2019

The table below shows the ECL charges on financial instruments for the year recorded in the income statement:

Group	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Simplified model N'000	Total N'000
Other receivables measured at amortised cost - (reversed in)/charged to statement of profit or loss	(25,782)	-	157,876,859	-	157,851,077
Non-current receivables measured at amortised cost - reversed in statement of profit or loss	(310,731)	-	(11,752,121)	-	(12,062,852)
Finance lease receivables measured at amortised cost - charged to statement of profit or loss	474,434	-	-	-	474,434
Trade receivables measured at amortised cost - charged to statement of profit or loss	-	-	-	1,307,967	1,307,967
	137,921	-	146,124,738	1,307,967	147,570,626
Company					
Other receivables measured at amortised cost - reversed in statement of profit or loss	(25,726)	-	(290,447)	-	(316,173)
Non-current receivables measured at amortised cost - reversed in statement of profit or loss	-	-	(6,400,467)	-	(6,400,467)
Finance lease receivables measured at amortised cost - charged to statement of profit or loss	117,377	-	-	-	117,377
Trade receivables measured at amortised cost - charged to statement of profit or loss	-	-	-	800	800
	91,651	-	(6,690,914)	800	(6,598,463)

At 31 December 2018

The table below shows the ECL charges on financial instruments for the year recorded in the income statement:

Group	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Simplified model N'000	Total N'000
Other receivables measured at amortised cost - charged to/(reversed in) statement of profit or loss	50,098	-	(12,874,356)	-	(12,824,258)
Non-current receivables measured at amortised cost - charged to statement of profit or loss	-	-	252,805	-	252,805
Finance lease receivables measured at amortised cost - reversed in statement of profit or loss	(2,991)	-	-	-	(2,991)
Trade receivables measured at amortised cost - reversed in statement of profit or loss	-	-	-	(581,070)	(581,070)
	47,107	-	(12,621,551)	(581,070)	(13,155,514)

Company

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Simplified model N'000	Total N'000
Trade receivables measured at amortised cost - reversed in statement of profit or loss	-	-	-	4,422	4,422
Other receivables measured at amortised cost - reversed in statement of profit or loss	-	-	(10,468,342)	-	(10,468,342)
Non-current receivables measured at amortised cost - charged to statement of profit or loss	79,316	-	173,489	-	252,805
	79,316	-	(10,294,853)	4,422	(10,211,115)

Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors cash forecast on a periodic basis in response to liquidity requirements of the Group. This helps to ensure that the Group has sufficient cash to meeting operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal targets.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

Group	Less than 1 year N'000	Between 1 and 2 years N'000	Between 2 and 5 years N'000	Over 5 years N'000	Total N'000
At 31 December 2019:					
Borrowings*	259,049,692	112,274,735	78,048,204	-	449,372,631
Lease liabilities**	5,758,962	9,173,329	14,165,174	3,645,076	32,742,541
Dividend payable	1,650,277	-	-	-	1,650,277
Trade and other payables***	340,230,378	-	-	-	340,230,378
Total	606,689,309	121,448,064	92,213,378	3,645,076	823,995,827

At 31 December 2018:

Borrowings*	164,100,749	67,099,467	26,692,316	-	257,892,532
Dividend payable	1,650,277	-	-	-	1,650,277
Trade and other payables***	261,110,700	-	-	-	261,110,700
Total	426,861,726	67,099,467	26,692,316	-	520,653,509

* Included in borrowings is a total interest of N87.2 billion (2018: N47 billion)

** Included in lease liabilities is a total interest of N9.8 billion (2018: nil)

*** Trade and other payables excludes statutory payables.

Company	Less than 1 year N'000	Between 1 and 2 years N'000	Between 2 and 5 years N'000	Over 5 years N'000	Total N'000
At 31 December 2019:					
Borrowings*	106,867,970	29,152,447	-	-	136,020,417
Lease liabilities**	10,305,125	12,445,057	14,086,044	3,645,076	40,481,302
Dividend payable	1,650,277	-	-	-	1,650,277
Trade and other payables***	205,765,590	-	-	-	205,765,590
Total	324,588,962	41,597,504	14,086,044	3,645,076	383,917,586

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At 31 December 2018:	Less than 1 year N'000	Between 1 and 2 years N'000	Between 2 and 5 years N'000	Over 5 years N'000	Total N'000
Borrowings*	45,878,065	61,722,011	23,285,556	-	130,885,632
Dividend payable	1,650,277	-	-	-	1,650,277
Trade and other payables***	180,766,733	-	-	-	180,766,733
Total	228,295,075	61,722,011	23,285,556	-	313,302,642

* Included in borrowings is a total interest of N29.8 billion (2018: N21.6 billion)

** Included in lease liabilities is a total interest of N10.6 billion (2018: nil)

** Trade and other payables excludes statutory payables.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may issue new capital or sell assets to reduce debt.

Various financial ratios and internal targets are assessed and reported to the Board on a quarterly basis to monitor and support the key objectives set out above. These ratios and targets include:

- Gearing ratio;
- Earnings before interest, tax, depreciation and amortisation (EBITDA);
- Fixed/floating debt ratio;
- Current asset ratio;
- Interest cover;

The Group's objective is to maintain these financial ratios in excess of any debt covenant restrictions and use them as a performance measurement and hurdle rate. The failure of a covenant test could render the facilities in default and repayable on demand at the option of the lender.

Accordingly, in situations where these ratios are not met, the Group takes immediate steps to redress the potential negative impact on its financial performance. Such steps include additional equity capital through rights issue and special placement.

Total capital is calculated as equity plus net debt. The gearing ratios as at the end of December 2019 and 2018 were as follows:

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
Total borrowings	362,166,476	210,901,318	106,199,440	109,248,701
Less: cash and cash equivalents (Note 29)	(33,576,182)	(10,914,741)	(1,266,353)	(1,635,634)
Restricted cash	(5,863,527)	(6,807,064)	-	-
Net debt	322,726,767	193,179,513	104,933,087	107,613,067
Total equity	67,007,719	277,116,711	(128,782,290)	(60,899,568)
Total capital	389,734,486	470,296,224	(23,849,203)	46,713,499
Gearing ratio	83%	41%	-440%	230%

Fair Value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2019.

Financial instruments measured at fair value	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
Financial assets at fair value through profit or loss				
- Equity securities	48,223	-	-	48,223
Derivative financial assets				
- Commodity option contracts	-	1,252,965	-	1,252,965
Investment properties	-	-	2,808,000	2,808,000
Total assets	48,223	1,252,965	2,808,000	4,109,188

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2018.

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
Financial assets at fair value through profit or loss				
- Equity securities	53,219	-	-	53,219
Derivative financial assets				
- Commodity option contracts	-	1,853,245	-	1,853,245
Convertible loan	-	-	11,106,341	11,106,341
Investment properties	-	-	1,033,000	1,033,000
Total assets	53,219	1,853,245	12,139,341	14,045,805

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The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2019.

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
Financial assets at fair value through profit or loss				
- Equity securities	45,644	-	-	45,644
Investment properties	-	-	2,808,000	2,808,000
Total assets	45,644	-	2,808,000	2,853,644

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2018.

	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
Financial assets at fair value through profit or loss				
- Equity securities	50,716	-	-	50,716
- Convertible loan	-	-	11,106,341	11,106,341
Investment properties	-	-	1,033,000	1,033,000
Total assets	50,716	-	12,139,341	12,190,057

Financial instruments not measured at fair value but for which fair values are disclosed

Group	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
Assets				
31 December 2019				
Finance lease receivable	-	-	68,531,298	68,531,298
31 December 2018				
Finance lease receivable	-	-	66,491,653	66,491,653
Non-current receivables	-	-	15,653,269	15,653,269
Liabilities				
31 December 2019				
Borrowings	-	-	354,780,745	354,780,745
Lease liabilities	-	-	21,855,378	21,855,378
31 December 2018				
Borrowings	-	-	193,902,455	193,902,455
Company				
Assets				
31 December 2019				
Finance lease receivable	-	-	8,614,430	8,614,430
31 December 2018				
Non-current receivables	-	-	2,977,040	2,977,040
Liabilities				
31 December 2019				
Borrowings	-	-	114,972,107	114,972,107
Lease liabilities	-	-	28,237,217	28,237,217
31 December 2018				
Borrowings	-	-	99,878,270	99,878,270

The fair value of borrowings and finance lease receivables is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The own non-performance risk for borrowings as at 31 December 2019 and 2018 has been considered in the determination of the fair value and is immaterial. For receivables, the models incorporate various inputs including the credit quality of counterparties. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The individual credit worthiness of the customers have been considered in the valuation. The discount rate used for finance lease receivables and borrowing are 15% (2018: 15.0%) and 15% (2018: 15.0%) respectively.

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on unadjusted quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, and pricing market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily of Nigerian Stock Exchange (NSE) listed instruments classified as available-for-sale.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Instruments included in level 2 comprise primarily of interest swaps and derivatives. Their fair values are determined based on marked to market values provided by the counterparty financial institutions. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity.

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Specific valuation techniques used to value financial instruments include:

- The fair value of commodity contracts are calculated based on observable inputs which include forward prices of crude oil.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(c) Financial instruments in level 3

The level 3 instruments comprises of convertible loans with OES Integrated Services Limited ("OES") and investment properties.

The tables below presents the changes in level 3 instruments for the year ended 31 December 2019.

The fair value changes on the instruments were recognized in other operating income.

i Convertible loans - Financial assets at fair value through profit or loss

OES Integrated Services Limited ("OES") was incorporated as the Special Purpose Vehicle used to purchase the shares from Oando PLC, following which OES Energy Services Limited ("OESL") became a standalone company fully divested from the Oando Group. OES is a leading indigenous energy services company that provides oilfield services, particularly drilling rig services, to exploration & production companies operating in Nigeria.

On 22nd October 2018, a Convertible Note Purchase Agreement ("CNPA") was executed between Oando PLC and OES Integrated Services Limited ("OES") as part of the Management Buy Out transaction. The parties agreed to defer the payment of the debt on the terms stated in the CNPA and in consideration of this, OES agreed that it shall issue the Note to Oando PLC with a face value equal to the debt amount and no interest shall accrue on the Note. As at 31st December 2019, the debt amount of N12,485,094,736.70 was owed by OES to Oando PLC. See note 27a for the details.

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
At 1 January	11,106,340	-	11,106,340	-
Fair value on initial recognition	-	12,485,093	-	12,485,093
Loss recognised in statement of profit or loss	(11,106,340)	(1,378,753)	(11,106,340)	(1,378,753)
At 31 December	-	11,106,340	-	11,106,340

ii Investment properties

The Company (through Unipetrol Nigeria PLC) signed a sublease agreement with Oniru Chieftaincy Family Property Company Limited, a Limited Liability Company incorporated in Nigeria in 2002 for a parcel of land approximately 10,864.112 sqm and known as Plot 13 in Block VI within the Oniru Chieftaincy Family Private Layout, Lekki Peninsula, Victoria Island, Lagos State, Nigeria for a consideration of N95 million. This agreement did not have the consent of the Attorney General and Commissioner for Justice for and on behalf of the Governor of Lagos State.

On 13 December 2006, the Commissioner for Lands on behalf of the Executive Governor of Lagos State revoked the right of occupancy of a part of the land (4,906.097 sqm) which was needed for public purpose (site/works yard for Lekki-Epe expressway expansion). However, on 11 December 2014 by a notice in the Lagos State of Nigeria official Gazette No 82 Vol. 47, the Executive Governor of Lagos State reinstated the revoked right of occupancy in the said portion of the land.

Another sublease agreement was signed on 3 November 2018 with Oniru Chieftaincy Family Property Company Limited for the same parcel of land which was consented to by the Honorable Commissioner, Ministry of Physical Planning and Urban Development on 1 February 2019. This land has been classified as an investment property as management's intention for use is yet to be determined.

(a) Oniru Land

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
At 1 January	-	-	-	-
Stamp duty paid on investment property	6,650	-	6,650	-
Fair value gain	1,613,350	-	1,613,350	-
At 31 December	1,620,000	-	1,620,000	-

The fair value gain on the investment property has been recognized in the statement of profit or loss under other operating income.

(b) Abuja Land*

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
At 1 January	1,033,000	1,033,000	1,033,000	1,033,000
Fair value gain	155,000	-	155,000	-
At 31 December	1,188,000	1,033,000	1,188,000	1,033,000

*Details of the Abuja land had been reported in the 2017 audited consolidated financial statements and management is yet to decide on the use of the land.

The fair value gain on the investment property has been recognized in the statement of profit or loss under other operating income.

The fair value of the investment properties were determined in January 2020 using the direct market comparison method of valuation by an independent Estate Valuer, Ubosi Eleh and Co - Emeka D. Eleh (FRC/2015/NIESV/00000013406). The direct comparison method involves the analysis of similar properties that have recently been transacted upon in the open market within the locality and adjusting appropriately to take care of the peculiarities and level of completion of the subject property in arriving at the value. This has therefore been classified under level 3.

2019

2019	Investment properties (Abuja and Lagos, Nigeria)	Direct Market Comparison Method	Inputs Estimated value per square metre (Abuja Land - N230,000/ Lagos Land - N150,000)	5%	5% decrease in estimated value per sqm would result in a decrease in the fair value by N59.4 million (Abuja) / N81 million (Lagos)	5% increase in estimated value per sqm would result in an increase in the fair value by N59.4 million (Abuja) / N81 million (Lagos).
				10%	10% decrease in estimated value per sqm would result in a decrease in the fair value by N118.8 million (Abuja) / N162 million (Lagos).	10% increase in estimated value per sqm would result in an increase in the fair value by N118.8 million (Abuja) / N162 million (Lagos).
				15%	15% decrease in estimated value per sqm would result in a decrease in the fair value by N178.2 million (Abuja) / N243 million (Lagos).	15% increase in estimated value per sqm would result in an increase in the fair value by N178.2 million (Abuja) / N243 million (Lagos).

Investment property (Abuja, Nigeria)

Valuation technique	Significant unobservable inputs	Sensitivity Range	Sensitivity of the input to fair value	
Direct Market Comparison Method	Estimated value per square metre (N200,000)	5%	5% decrease in estimated value per sqm would result in a decrease in the fair value by N51.7 million.	5% increase in estimated value per sqm would result in an increase in the fair value by N51.7million.
		10%	10% decrease in estimated value per sqm would result in a decrease in the fair value by N103.3 million.	10% increase in estimated value per sqm would result in an increase in the fair value by N103.3 million.
		15%	15% decrease in estimated value per sqm would result in a decrease in the fair value by N154.9 million.	15% increase in estimated value per sqm would result in an increase in the fair value by N154.9million.

8 Segment information

The GLC assesses the performance of the operating segments by reviewing actual results against set targets on revenue, operating profit and profit after tax for each division. Interest expenses suffered by the corporate division on loans raised on behalf of the other divisions and similar operating expenses are transferred to the relevant divisions. Transactions between operating segments are on arm's length basis in a manner similar to transactions with third parties.

The Group was re-organised following the sale of target entities in the marketing, refining and terminals segment, gas and power segment and energy services segment. The Group discontinued the energy services segment, marketing, refining and terminals segment and gas and power segment (excluding Alausa Power Ltd) effective 31 March 2016, 30 June 2016 and 31st December 2016 respectively whereas Alausa Power Ltd was discontinued 31 March 2017. At 31 December 2019, the Group has three operating segments namely:

- (i) Exploration and production (E&P) – involved in the exploration for and production of oil and gas through the acquisition of rights in oil blocks on the Nigerian continental shelf and deep offshore and São Tomé and Príncipe “STP”.
- (ii) Supply and Trading – involved in trading of crude, refined and unrefined petroleum products.
- (iii) Corporate and others

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(a) The segment results for the period ended 31 December, 2019 are as follows:

	Exploration & Production	Supply & Trading	Corporate & Others*	Total
	N'000	N'000	N'000	N'000
Total gross segment revenue	137,527,143	449,957,837	430,400,369	1,017,885,349
Inter-segment revenue	-	(72,622,767)	(368,690,725)	(441,313,492)
Revenue from external customers	137,527,143	377,335,070	61,709,644	576,571,857
Operating (loss)/profit	(322,873,915)	2,363,000	(14,369,603)	(334,880,518)
Finance cost	(30,250,298)	(481,260)	(18,953,813)	(49,685,371)
Finance income	8,507,794	-	465,098	8,972,892
Net finance cost	(21,742,504)	(481,260)	(18,488,715)	(40,712,479)
Share of profit/(loss) in associate	466,821	-	(2,288,795)	(1,821,974)
(Loss)/profit before income tax	(344,149,598)	1,881,740	(35,147,113)	(377,414,971)
Income tax credit/(expense)	171,295,229	-	(958,552)	170,336,677
(Loss)/profit for the year	(172,854,369)	1,881,740	(36,105,665)	(207,078,294)

*Corporate & Others include consolidation adjustments (excluding inter-segment revenue)

The segment results for the period ended 31 December, 2018 are as follows:

	Exploration & Production	Supply & Trading	Corporate & Others*	Total
	N'000	N'000	N'000	N'000
Total gross segment revenue	147,344,583	541,038,917	494,266,127	1,182,649,627
Inter-segment revenue	-	(137,285,069)	(365,899,219)	(503,184,288)
Revenue from external customers	147,344,583	403,753,848	128,366,908	679,465,339
Operating profit	19,312,748	661,854	24,027,010	44,001,612
Finance cost	(24,647,124)	(557,625)	(17,501,870)	(42,706,619)
Finance income	8,446,022	-	1,819,474	10,265,496
Net finance cost	(16,201,102)	(557,625)	(15,682,396)	(32,441,123)
Share of profit/(loss) in associate	307,170	-	(679,539)	(372,369)
Profit before income tax	3,418,816	104,229	7,665,075	11,188,120
Income tax credit/(expense)	18,610,090	-	(1,000,467)	17,609,623
Profit for the year	22,028,906	104,229	6,664,608	28,797,743

*Corporate & Others include consolidation adjustments (excluding inter-segment revenue)

(b) Reconciliation of reporting segment information

	Revenue	Operating loss	Finance income	Finance cost	Loss before income tax	Income tax credit
	N'000	N'000	N'000	N'000	N'000	N'000
2019						
As reported in the segment report	1,017,885,349	(334,880,518)	8,972,892	(49,685,371)	(377,414,971)	170,336,677
Elimination of inter-segment transactions on consolidation	(441,313,492)	-	-	-	-	-
As reported in the statement of profit or loss	576,571,857	(334,880,518)	8,972,892	(49,685,371)	(377,414,971)	170,336,677
2018						
	Revenue	Operating profit	Finance income	Finance cost	Profit before income tax	Income tax credit
	N'000	N'000	N'000	N'000	N'000	N'000
As reported in the segment report	1,182,649,627	44,001,612	10,265,496	(42,706,619)	11,188,120	17,609,623
Elimination of inter-segment transactions on consolidation	(503,184,288)	-	-	-	-	-
As reported in the statement of profit or loss	679,465,339	44,001,612	10,265,496	(42,706,619)	11,188,120	17,609,623

Inter-segment revenue represents intercompany dividend income, sales between subsidiaries. Profit on inter-segment sales and intercompany dividend income have been eliminated on consolidation.

Other information included in the statement of profit or loss by segment are:

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Year ended 31 December 2019:

	Exploration & Production	Supply & Trading	Corporate & Others*	Total
	N'000	N'000	N'000	N'000
Depreciation (Note 10b)	26,991,917	50,562	1,153,757	28,196,236
Depreciation of right of use asset (Note 46ci, 10b)	3,756,349	68,570	(14,221)	3,810,698
Amortisation of intangible assets (Note 10b)	-	-	55,776	55,776
Impairment losses/(reversal of impairment) of assets (Note 10c)	326,508,996	(781,146)	(9,049,906)	316,677,944

*Corporate & Others include consolidation adjustments.

Year ended 31 December 2018:

	Exploration & Production	Supply & Trading	Corporate & Others*	Group
	N'000	N'000	N'000	N'000
Depreciation (Note 10b)	19,775,644	56,055	701,472	20,533,171
Impairment losses/(reversal of impairment) of assets (Note 10c)	23,642,446	139,973	(30,960,742)	(7,178,323)

*Corporate & Others include consolidation adjustments.

The segment assets and liabilities and capital expenditure for the year ended 31 December, 2019 are as follows:

	Exploration & Production	Supply & Trading	Corporate & Others*	Total
	N'000	N'000	N'000	N'000
Assets	775,871,270	10,814,041	171,277,794	957,963,105
Investment in an associate	1,782,799	-	-	1,782,799
Liabilities	643,783,016	28,855,437	218,316,933	890,955,386
Capital Expenditure*	28,941,518	7,328	780,966	29,729,812

*Corporate & Others include consolidation adjustments.

The segment assets and liabilities as of 31 December, 2018 and capital expenditure for the year then ended are as follows:

	Exploration & Production	Supply & Trading	Corporate & Others*	Total
	N'000	N'000	N'000	N'000
Assets	854,295,264	12,492,479	211,360,311	1,078,148,054
Investment in an associate	699,090	-	5,725,642	6,424,732
Liabilities	533,342,361	31,172,498	236,516,484	801,031,343
Capital Expenditure	38,180,409	18,819	534,181	38,733,409

*Corporate & Others include consolidation adjustments.

*Capital expenditure comprises additions to property, plant and equipment and intangible asset, excluding goodwill.

The Group's business segments operate in three main geographical areas. The group derives revenue from the transfer of goods and services over time and at a point in time.

Segment information on a geographical basis for the year ended 31 December 2019 are as follows:

	Exploration & Production	Supply & Trading	Corporate & Others*	Total
	N'000	N'000	N'000	N'000
Segment revenue:				
Within Nigeria	137,527,143	-	430,400,369	567,927,512
Other West African countries	-	-	-	-
Other countries	-	449,957,837	-	449,957,837
Inter-segment revenue	-	(72,622,767)	(368,690,725)	(441,313,492)
Revenue from external customers	137,527,143	377,335,070	61,709,644	576,571,857
Total assets				
Within Nigeria	773,413,744	-	171,277,794	944,691,538
Other West African countries	-	104,492	-	104,492
Other countries	2,457,526	10,709,549	-	13,167,075
	775,871,270	10,814,041	171,277,794	957,963,105
Capital expenditure				
Within Nigeria	28,941,518	-	747,428	29,688,946
Other West African countries	-	-	-	-
Other countries	-	7,328	33,538	40,866
	28,941,518	7,328	780,966	29,729,812

*Corporate & Others include consolidation adjustments (excluding inter-segment revenue)

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Segment information on a geographical basis for the year ended 31 December 2018 are as follows:

	Exploration & Production	Supply & Trading	Corporate & Others*	Total
	N'000	N'000	N'000	N'000
Segment revenue:				
Within Nigeria	147,344,583	-	494,266,127	641,610,710
Other West African countries	-	-	-	-
Other countries	-	541,038,917	-	541,038,917
Inter-segment revenue	-	(137,285,069)	(365,899,219)	(503,184,288)
Revenue from external customers	147,344,583	403,753,848	128,366,908	679,465,339

*Corporate & Others include consolidation adjustments (excluding inter-segment revenue)

	Exploration & Production	Supply & Trading	Corporate & Others*	Total
	N'000	N'000	N'000	N'000
Total assets				
Within Nigeria	852,044,288	-	211,360,311	1,063,404,599
Other West African countries	-	104,345	-	104,345
Other countries	2,250,976	12,388,134	-	14,639,110
	854,295,264	12,492,479	211,360,311	1,078,148,054

*Corporate & Others include consolidation adjustments.

	Exploration & Production	Supply & Trading	Corporate & Others*	Total
	N'000	N'000	N'000	N'000
Capital expenditure				
Within Nigeria	38,180,409	-	530,748	38,711,157
Other West African countries	-	-	-	-
Other countries	-	18,819	3,433	22,252
	38,180,409	18,819	534,181	38,733,409

Revenue are disclosed based on the country in which the customer is located. Total assets are allocated based on where the assets are located. Total, British Petroleum and Vitol SA contributes more than 15% of the Group's revenue.

*Corporate & Others include consolidation adjustments.

Capital expenditure is allocated based on where the assets are located.

(c) **Disaggregated revenue information**

Group

Set out below is the disaggregation of the Group's revenue from contracts with customers for the year ended 31 December 2019:

	Exploration & Production	Supply & Trading	Corporate & Others*	Total
	N'000	N'000	N'000	N'000
Segments				
Sale of crude oil	104,023,628	449,957,837	430,400,369	984,381,834
Sale of gas	26,047,601	-	-	26,047,601
Sale of energy	4,048,876	-	-	4,048,876
Sale of natural gas liquid	2,240,279	-	-	2,240,279
Terminal service	1,166,759	-	-	1,166,759
Inter-segment revenue	-	(72,622,767)	(368,690,725)	(441,313,492)
Total revenue from contracts with customers	137,527,143	377,335,070	61,709,644	576,571,857
Geographical markets				
Within Nigeria	137,527,143	-	430,400,369	567,927,512
Other West African countries	-	-	-	-
Other countries	-	449,957,837	-	449,957,837
Inter-segment revenue	-	(72,622,767)	(368,690,725)	(441,313,492)
Total revenue from contracts with customers	137,527,143	377,335,070	61,709,644	576,571,857
Timing of revenue recognition:				
Goods transferred at a point in time	110,312,783	449,957,837	430,400,369	990,670,989
Services transferred over time	27,214,360	-	-	27,214,360
Inter-segment revenue	-	(72,622,767)	(368,690,725)	(441,313,492)
	137,527,143	377,335,070	61,709,644	576,571,857

*Corporate & Others include consolidation adjustments (excluding inter-segment revenue)

Set out below is the disaggregation of the Group's revenue from contracts with customers for the year ended 31 December 2018:

	Exploration & Production	Supply & Trading	Corporate & Others*	Total
	N'000	N'000	N'000	N'000
Segments				
Type of goods or service				
Sale of crude oil	136,095,529	541,038,917	494,266,127	1,171,400,573
Sale of gas	2,367,364	-	-	2,367,364
Sale of energy	4,177,169	-	-	4,177,169
Sale of natural gas liquid	3,787,709	-	-	3,787,709
Terminal service	916,812	-	-	916,812
Inter-segment revenue	-	(137,285,069)	(365,899,219)	(503,184,288)
Total revenue from contracts with customers	147,344,583	403,753,848	128,366,908	679,465,339

*Corporate & Others include consolidation adjustments (excluding inter-segment revenue)

	Exploration & Production	Supply & Trading	Corporate & Others*	Total
	N'000	N'000	N'000	N'000
Geographical markets				
Within Nigeria	147,344,583	-	494,266,127	641,610,710
Other West African countries	-	-	-	-
Other countries	-	541,038,917	-	541,038,917
Inter-segment revenue	-	(137,285,069)	(365,899,219)	(503,184,288)
Total revenue from contracts with customers	147,344,583	403,753,848	128,366,908	679,465,339

*Corporate & Others include consolidation adjustments (excluding inter-segment revenue)

	Exploration & Production	Supply & Trading	Corporate & Others*	Total
	N'000	N'000	N'000	N'000
Segments				
Timing of revenue recognition:				
Goods transferred at a point in time	144,060,407	541,038,917	494,266,127	1,179,365,451
Services transferred over time	3,284,176	-	-	3,284,176
Inter-segment revenue	-	(137,285,069)	(365,899,219)	(503,184,288)
	147,344,583	403,753,848	128,366,908	679,465,339

*Corporate & Others include consolidation adjustments (excluding inter-segment revenue)

Company

Set out below is the disaggregation of the Company's revenue from contracts with customers for the year:

Segments	2019 N'000	2018 N'000
Type of goods or service		
Sale of crude oil	424,734,190	488,518,160
Terminal service	-	-
Total revenue from contracts with customers	424,734,190	488,518,160
Geographical markets		
Within Nigeria	-	-
Other West African countries	-	-
Other countries	424,734,190	488,518,160
Total revenue from contracts with customers	424,734,190	488,518,160
Segments	2019	2018
Timing of revenue recognition:		
Goods transferred at a point in time	424,734,190	488,518,160
Services transferred over time	-	-
	424,734,190	488,518,160

(d) Assets related to contracts with customers

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
Trade receivables (Note 24)	19,269,158	55,649,606	16,476,134	14,741,452
Contract assets (Note 24)	24,402,287	-	-	-
Loss allowance	(2,124,503)	(2,354,857)	(5,222)	(4,422)
	41,546,942	53,294,749	16,470,912	14,737,030

(e) Performance obligations

Information about the Group's performance obligations are summarised below:

Sale of oil, gas and energy

For the sale of crude oil, the Group delivers its promised goods to customers in volumes depending on annual contract quantity and all variations provided by the contract. The Group recognizes its revenue for oil and energy at a point in time. Revenue for gas is recognised over time with an appropriate measure of progress. This measure is based on volumes delivered.

Provision of terminal service

For provision of terminal service, the Group recognizes revenue as the service is being performed.

9 Other operating (expense)/income

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
Realised foreign exchange gain (Note 10a)	411,060	653,977	114,651	145,113
Unrealised exchange gain (Note 10a)	3,149,551	4,089,524	4,868,010	1,653,332
Fair value (loss)/gain on commodity options (Note 10a)	(2,448,039)	2,491,434	-	-
Fair value loss on convertible loan (Note 10a)	(11,106,341)	(1,378,754)	(11,106,341)	(1,378,754)
Fair value gain on investment properties (Note 10a, 17)	1,768,350	-	1,768,350	-
Rental income	1,829,941	-	1,829,941	-
Fair value loss on quoted equity instruments (Note 27b)	(5,072)	(9,179)	(5,072)	(9,179)
Crude marketing services income	2,619,435	2,613,073	-	-
Sundry income	1,171,601	2,546,385	3,581,882	2,241,889
	(2,609,514)	11,006,460	1,051,421	2,652,401

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During the year, the Group realised a net derivative loss of N2.4 billion (2018 - gain of N2.5 billion) on commodity contracts and a nil derivative gain (2018 - nil) on convertible options in the consolidated and separate statement of profit or loss respectively. See note 20 for further details of fair value (loss)/gain on the financial commodity contract.

The Group's sundry income largely relates to income from service agreements with customers of N823 million (2018: N621 million), Oando Foundation's donation income of N662.8 million (2018: N810 billion), trading income of N369.7 million (2018: N995.2 million), loss on disposal of 25% in Glover BV of N3.6 billion, reversal of payables of N1.1 billion due to Helios no longer required after a reconciliation was carried out (2018: nil) and reversal of loss on deemed disposal of Oando Wings Development Limited (OWDL) of N201.6 million (2018: N749 million - loss) on receipt of the 2018 audited financials of OWDL in 2019.

The Company's sundry income largely relates to income from service agreements with customers of N2.2 billion (2018: N2.2 billion) and reversal of payables of N1.1 billion due to Helios no longer required after a reconciliation was carried out (2018: nil).

10	Expenses by nature of operating profit	Group	Group	Company	Company
		2019	2018	2019	2018
		N'000	N'000	N'000	N'000
	The following items have been charged/(credited) in arriving at the operating profit:				
	Cost of sales:				
	Inventory cost and other directly attributable costs	504,011,590	583,191,386	423,956,921	488,938,074
(a)	Included in other operating (expense)/income:				
	Total foreign exchange gain (Note 9)	3,560,611	4,743,501	4,982,661	1,798,445
	Loss on sale of property, plant and equipment	-	(446,537)	-	(15,613)
	Fair value (loss)/gain on commodity options (Note 9)	(2,448,039)	2,491,434	-	-
	Fair value gain on investment properties (Note 9, 17)	1,768,350	-	1,768,350	-
	Fair value loss on convertible loan (Note 9, 27)	(11,106,341)	(1,378,754)	(11,106,341)	(1,378,754)
(b)	Administrative expenses				
	Depletion/depreciation on property plant and equipment (Note 15, 37)	28,196,236	20,533,171	319,138	301,598
	Depreciation on right of use asset (Note 46ci, 46ciii)	3,810,698	-	3,088,661	-
	Amortisation of intangible assets (Note 16, 37a)	55,776	-	55,776	-
	Realised foreign exchange loss	162,034	624,815	118,268	429,059
	Unrealised foreign exchange loss	7,073,273	4,086,379	2,044,458	2,111,588
	Employees benefit scheme (Note 11b)	10,039,872	11,029,287	548,835	454,315
	Auditors remuneration	379,725	434,097	108,150	105,000
	Non-audit fees	-	22,050	-	22,050
	Professional fees	18,741,873	19,238,839	5,169,621	4,308,037
	Rent and other hiring costs	1,271,786	4,374,414	58,961	2,590,894
	Travelling expenses	2,347,493	2,268,553	65,821	143,835
	Handling charges	536,864	2,842,626	-	-
	Financial guarantee provision	1,937,008	-	1,937,008	-
	Dividend receivable forfeiture	2,165,948	-	2,165,948	-
	Post OVH sale settlement	6,595,303	-	6,595,303	-
	Business development expenses	1,533,147	1,585,948	554,165	193,048
	Utilities and entertainment	575,746	694,892	32,238	12,123
	Sundry	2,730,545	2,722,053	380,747	268,419
		88,153,327	70,457,124	23,243,098	10,939,966
	Included in professional fees are: (a) N7.2 billion (\$19.8 million) consultancy cost in favour of 18906 Limited, representing 25% of OOL's total tax savings of \$68.8 million from pioneer certificate extension; (b) N119 million (\$0.3 million) being cost of consultancy services rendered by Carter Biggs Investment Limited towards the issue of 2019 quarter four lifting permit for OOL; (c) N3.1 billion consultancy cost in favour of PIERPOINT 27 Limited, representing 25% of N10.8 billion Petroleum Support Fund (PSF) recovery; and (d) N1.1 billion (\$3 million) cost for legal advice by Olasupo Shasore SAN for the sale of OOL's 20% Crude Oil Entitlement in OML 60, 61, 62 and 63.				
(c)	Impairment of assets/reversal of impairment of assets				
	Impairment of non-financial assets				
	Impairment of intangible assets (Note 16, 37a)	169,107,318	5,977,191	-	-
	Impairment of investment (Note 28)	-	-	27,866,166	3,435,951
	Total impairment of non-financial assets	169,107,318	5,977,191	27,866,166	3,435,951
	Impairment of financial assets				
	Impairment loss on finance lease (Note 21ii)	474,434	(2,991)	117,377	-
	(Reversal of impairment)/impairment losses of non-current receivables (Note 22b)				
	- (Reversal of impairment)/impairment losses of other non-current receivables	(5,638,276)	252,805	24,109	252,805
	- Reversal of impairment on Glover loan note receivables	(6,424,576)	-	(6,424,576)	-
	Impairment losses/(reversal of impairment) of trade and other receivables (Note 24c)	159,159,044	(13,405,328)	(315,373)	(10,463,920)
	Total impairment of financial assets	147,570,626	(13,155,514)	(6,598,463)	(10,211,115)
	Total impairment of assets	316,677,944	(7,178,323)	21,267,703	(6,775,164)
11	Employee benefit expenses	Group	Group	Company	Company
		2019	2018	2019	2018
		N'000	N'000	N'000	N'000
(a)	Directors' remuneration:				
	The remuneration paid to the directors who served during the year was as follows:				
	Chairman fees	5,556	5,556	5,556	5,556
	Other non-executive fees*	150,947	157,811	24,256	31,111
		156,503	163,367	29,812	36,667
	Executive directors' salaries	1,514,390	1,214,759	1,137,935	1,044,775
		1,670,893	1,378,126	1,167,747	1,081,442
	Other emoluments*	685,288	707,164	471,723	493,582
		2,356,181	2,085,290	1,639,470	1,575,024

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*Included in other emoluments and other non-executive fees is the board duty allowance of N471 million (2018: N437.2 million) received by the executive directors during the year. The prior year figures have been reclassified from other non-executive fees to other emoluments for comparability.

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

N1,000,000 - N10,000,000
Above N10,000,000

Group 2019 Number	Group 2018 Number	Company 2019 Number	Company 2018 Number
-	-	-	-
15	17	13	12

Included in the above analysis is the highest paid director at N570 million (2018: N568 million).

(b) Staff costs

Wages, salaries and staff welfare cost
Severance payment
Pension costs - defined contribution scheme

Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
9,251,924	10,059,587	497,105	399,707
-	125,482	-	-
787,948	844,218	51,730	54,608
10,039,872	11,029,287	548,835	454,315

Analysis of staff cost for the year

Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
10,039,872	11,029,287	548,835	454,315

The average number of full-time persons employed during the year was as follows:

Executives
Management staff
Senior staff

Group 2019 Number	Group 2018 Number	Company 2019 Number	Company 2018 Number
6	6	5	4
76	68	12	12
63	63	15	14
145	137	32	30

Employees other than directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration (excluding pension contributions) in the following ranges:

N8,000,001 - N10,000,000
Above N10,000,000

2019 Number	2018 Number	2019 Number	2018 Number
1	1	-	-
127	117	28	26
128	118	28	26

12 Net finance costs

(a) Finance cost:

On bank borrowings
Interest expenses on lease liabilities (Note 46ciii)
Interest expense calculated using effective interest rate

Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
(37,101,947)	(33,970,880)	(16,621,157)	(17,582,406)
(3,633,835)	-	(4,547,894)	-
(40,735,782)	(33,970,880)	(21,169,051)	(17,582,406)

Change in estimate
Unwinding of discount on provisions (Note 34, 37)
Total finance cost

Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
(124,888)	-	-	-
(8,824,701)	(8,735,739)	(23,223)	-
(49,685,371)	(42,706,619)	(21,192,274)	(17,582,406)

(b) Finance income:

Interest income on bank deposits
Interest income on finance lease (Note 21iii)
Total finance income

Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
601,657	1,934,415	465,005	1,819,411
8,371,235	8,331,081	1,319,161	-
8,972,892	10,265,496	1,784,166	1,819,411

Net finance costs

Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
(40,712,479)	(32,441,123)	(19,408,108)	(15,762,995)

No borrowing cost was capitalised in 2019 (2018: nil). Actual borrowing rate approximate effective interest rate.

13 (a) Income tax (credit)/expense

Analysis of income tax charge for the year:

Current income tax
Minimum tax
Income tax charged during the year (Note 13b)
Capital gains tax
Education tax (Note 13b)
Prior year over provision of tax

Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
12,186,181	13,820,534	-	-
1,061,835	626,186	1,061,835	626,186
13,248,016	14,446,720	1,061,835	626,186
-	795	-	381
638,872	896,542	-	-
(24,607,019)	(25,408,402)	-	-
(10,720,131)	(10,064,345)	1,061,835	626,567

Deferred income tax
Deferred income tax credit for the year (Note 19)
Income tax (credit)/expense

Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
(159,616,546)	(7,545,278)	-	-
(170,336,677)	(17,609,623)	1,061,835	626,567

The tax on the Group and Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
(Loss)/profit before income tax	(377,414,971)	11,188,120	(62,090,219)	(17,695,310)
Tax calculated at Nigeria's domestic rates applicable to profits in respective countries - 30% (2018: 30%)	(113,224,491)	3,356,436	(18,627,066)	(5,308,593)
Minimum tax	1,061,835	626,186	1,061,835	626,186
Education tax	638,872	896,542	-	-
Capital gains tax	-	795	-	381
Tax effect of income not subject to tax	(224,605,580)	(13,730,124)	(6,640,127)	-
Effect of associate tax	546,592	111,711	-	-
Effect of tax rate differential	(19,347,157)	(5,700,886)	-	-
Expenses not deductible for tax purposes	154,431,010	25,725,745	33,487,840	2,554,584
Prior year over provision of tax	(24,607,019)	(25,408,402)	-	-
Tax losses for which no deferred tax was recognised	(22,898,594)	(19,220,855)	-	2,754,009
Impact of unutilised tax credits carried forward	77,667,855	15,733,229	(8,220,647)	-
Income tax (credit)/expense	(170,336,677)	(17,609,623)	1,061,835	626,567
Effective tax rate	45%	-157%	-1.71%	-4%

(b) **Current income tax liabilities**

Movement in current income tax for the year:

At 1 January	47,245,129	72,405,657	1,161,820	535,618
Effect of adoption of new standards	-	(849,290)	-	-
Restated balance as at 1 January	47,245,129	71,556,367	1,161,820	535,618
Payment during the year	(1,436,642)	(29,096,210)	(381)	(365)
Increase/(reduction) in indemnified liability*	-	14,204,522	-	-
Prior year over provision of tax**	(24,607,019)	(25,408,402)	-	-
Charge for the year:				
Income tax charge during the year (Note 13a)	13,248,016	14,446,720	1,061,835	626,186
Education tax charge during the year (Note 13a)	638,872	896,542	-	-
Capital gains tax	-	795	-	381
Exchange difference	(7,191)	644,795	-	-
At 31 December	35,081,165	47,245,129	2,223,274	1,161,820

*On April 18, 2018, OER paid N14.2 billion (\$39 million) to the FIRS representing agreed settlement amount and amicable resolution of the tax assessments totaling N29 billion (\$79.7 million) received by Oando Oil Limited (OOL) in 2017 relating to additional Petroleum Profit and Education Taxes for 2006, 2007 and 2009. Since the liabilities relate to the tax years before January 1, 2012, the payment made by OER was received from the previous owner of the Company, ConocoPhillips Company and Phillips Investment Company LLC as it was covered under the indemnity provided in the share purchase agreement of December 20, 2012 between OER and the previous owner. Since the matters have now been settled, OER has withdrawn the tax appeals filed on the assessments.

**On June 25, 2019, OER received a notification from the Nigerian Investment Promotion Commission (NIPC) for Company Income Tax Relief for an additional period of 2 years (2017 and 2018) for Oando Oil Limited. The incentive relates to activities around manufacturing and distribution of gas and as such, OER extinguished its current income tax liabilities of N24.6 billion (\$68.0 million) for 2017 and 2018. This amount has been recognized as a tax recovery in the income statement of these consolidated financial statements.

** In 2018, OER received tax credits of N20.8 billion (\$57.5 million) following settlement of tax charges disputed with the FIRS in addition to N3.8 billion (\$10.5 million) write-back on Educational tax following resolution of its dispute with the FIRS over previously assessed amount of \$21.1 million. The balance, N724 million (\$2 million), relates to differentials between accrued amounts and final assessments across the OER entities.

14 **Basic and diluted (loss)/earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Ordinary Shares outstanding during the year.

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
(Loss)/profit attributable to equity holders of the parent	(171,821,040)	24,432,941	(63,152,054)	(18,321,877)
Weighted average number of ordinary shares outstanding (thousands) :				
Opening balance	12,431,412	12,431,412	12,431,412	12,431,412
Basic/diluted (loss)/earnings per share (expressed in Naira per share)	(14)	2	(5)	(1)

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion of all dilutive potential Ordinary Shares. However, there were no convertible debts at the year end.

15 Property, plant and equipment

Group	Upstream Assets ¹	Land & Buildings	Plant & machineries	Fixtures, fittings, computer & equipment, motor vehicles	Total
	N'000	N'000	N'000	N'000	N'000
At 1 January 2018					
Cost or valuation	474,663,959	869,378	19,066,506	4,807,087	499,406,930
Accumulated depreciation	(144,981,328)	(7,690)	(7,240,721)	(3,711,078)	(155,940,817)
Net book amount	329,682,631	861,688	11,825,785	1,096,009	343,466,113
Year ended 31 December 2018					
Cost or valuation					
Opening balance	474,663,959	869,378	19,066,506	4,807,087	499,406,930
Reclassifications	(10,721,255)	-	-	-	(10,721,255)
Decommissioning cost/remeasurement of estimate (Note 34)	(6,296,520)	-	-	-	(6,296,520)
Additions	37,098,663	-	-	763,141	37,861,804
Disposals	-	-	(7,562,488)	(900,121)	(8,462,609)
Exchange difference	4,834,360	-	192,624	202,085	5,229,069
	499,579,207	869,378	11,696,642	4,872,192	517,017,419
Accumulated depreciation					
Opening balance	(144,981,328)	(7,690)	(7,240,721)	(3,711,078)	(155,940,817)
Reclassifications	10,721,255	-	-	-	10,721,255
Disposals	-	-	4,738,354	875,495	5,613,849
Depletion/depreciation charge (Note 10b, 37)	(19,676,773)	(86,893)	(200,040)	(569,465)	(20,533,171)
Exchange difference	(1,585,173)	-	(296,908)	23,631	(1,858,450)
	(155,522,019)	(94,583)	(2,999,315)	(3,381,417)	(161,997,334)
Net book amount at 31 December 2018					
Cost or valuation	499,579,207	869,378	11,696,642	4,872,192	517,017,419
Accumulated depreciation	(155,522,019)	(94,583)	(2,999,315)	(3,381,417)	(161,997,334)
	344,057,188	774,795	8,697,327	1,490,775	355,020,085
Group	Upstream Assets ¹	Land & Buildings	Plant & machineries	Fixtures, fittings, computer & equipment, motor vehicles	Total
Year ended 31 December 2019					
Cost or valuation					
Opening balance	499,579,207	869,378	11,696,642	4,872,192	517,017,419
Decommissioning costs	39,233,620	-	-	-	39,233,620
Additions	27,448,270	-	-	422,757	27,871,027
Exchange difference	700,105	-	16,214	822	717,141
	566,961,202	869,378	11,712,856	5,295,771	584,839,207
Accumulated depreciation					
Opening balance	(155,522,019)	(94,583)	(2,999,315)	(3,381,417)	(161,997,334)
Depletion/depreciation charge (Note 10b, 37)	(26,881,872)	(86,893)	(643,709)	(583,762)	(28,196,236)
Exchange difference	(406,369)	-	(8,548)	(2,120)	(417,037)
	(182,810,260)	(181,476)	(3,651,572)	(3,967,299)	(190,610,607)
Net book amount at 31 December 2019					
Cost or valuation	566,961,202	869,378	11,712,856	5,295,771	584,839,207
Accumulated depreciation	(182,810,260)	(181,476)	(3,651,572)	(3,967,299)	(190,610,607)
	384,150,942	687,902	8,061,284	1,328,472	394,228,600

⁽¹⁾See Note 44(a) for details of upstream assets.

Company	Land & Buildings	Plant & machineries	Fixtures, fittings, computer & equipment, motor vehicles	Total
	N'000	N'000	N'000	N'000
At 1 January 2018				
Cost or valuation	868,929	154,241	1,722,574	2,745,744
Accumulated depreciation	(7,241)	(121,849)	(1,108,932)	(1,238,022)
Net book amount	861,688	32,392	613,642	1,507,722

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Year ended 31 December 2018

Cost or valuation

Opening balance	868,929	154,241	1,722,574	2,745,744
Additions	-	-	528,824	528,824
Disposal	-	(30,600)	(63,647)	(94,247)
	868,929	123,641	2,187,751	3,180,321

Accumulated depreciation

Opening balance	(7,241)	(121,849)	(1,108,932)	(1,238,022)
Disposal	-	18,464	46,213	64,677
Depreciation charge (Note 10b, 37)	(86,893)	(4,777)	(209,928)	(301,598)
	(94,134)	(108,162)	(1,272,647)	(1,474,943)

Net book amount at 31 December 2018

Cost or valuation	868,929	123,641	2,187,751	3,180,321
Accumulated depreciation	(94,134)	(108,162)	(1,272,647)	(1,474,943)
	774,795	15,479	915,104	1,705,378

Land & Buildings	Plant & machineries	Fixtures, fittings, computer & equipment, motor vehicles	Total
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Year ended 31 December 2019

Cost or valuation

Opening balance	868,929	123,641	2,187,751	3,180,321
Additions	-	-	310,110	310,110
	868,929	123,641	2,497,861	3,490,431

Accumulated depreciation

Opening balance	(94,134)	(108,162)	(1,272,647)	(1,474,943)
Depreciation charge (Note 10b, 37)	(86,893)	(1,563)	(230,682)	(319,138)
	(181,027)	(109,725)	(1,503,329)	(1,794,081)

Net book amount at 31 December 2019

Cost or valuation	868,929	123,641	2,497,861	3,490,431
Accumulated depreciation	(181,027)	(109,725)	(1,503,329)	(1,794,081)
	687,902	13,916	994,532	1,696,350

16 Intangible assets

Group

At 1 January 2018

Cost	375,860,280	1,892,261	89,538,986	467,291,527
Accumulated amortization and impairment	(696,030)	(1,892,261)	(37,836,666)	(40,424,957)
Net book amount	375,164,250	-	51,702,320	426,866,570

Year ended 31 December 2018

Cost

Opening balance	375,860,280	-	89,538,986	465,399,266
Additions	-	-	871,605	871,605
Exchange difference	10,034,183	-	911,964	10,946,147
	385,894,463	-	91,322,555	477,217,018

Accumulated amortization and impairment

Opening balance	(696,030)	-	(37,836,666)	(38,532,696)
Impairment (Note 10c)	(5,977,191)	-	-	(5,977,191)
Exchange difference	-	-	(385,371)	(385,371)
	(6,673,221)	-	(38,222,037)	(44,895,258)

Net book amount as at 31 December 2018

Cost	385,894,463	-	91,322,555	477,217,018
Accumulated amortisation and impairment	(6,673,221)	-	(38,222,037)	(44,895,258)
	379,221,242	-	53,100,518	432,321,760

Goodwill	Software costs	Exploration and Evaluation asset	Total
N'000	N'000	N'000	N'000

Year ended 31 December 2019

Cost

Opening balance	385,894,463	-	91,322,555	477,217,018
Addition	-	669,310	1,189,475	1,858,785
Exchange difference	6,866,961	-	127,953	6,994,914
	392,761,424	669,310	92,639,983	486,070,717

Accumulated amortization and impairment

Opening balance	(6,673,221)	-	(38,222,037)	(44,895,258)
Amortisation charge (Note 10b)	-	(55,776)	-	(55,776)
Impairment (Note 10c)	(156,475,124)	-	(12,632,194)	(169,107,318)
Exchange difference	(998,753)	-	(142,049)	(1,140,802)
	(164,147,098)	(55,776)	(50,996,280)	(215,199,154)

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Net book amount as at 31 December 2019

Cost	392,761,424	669,310	92,639,983	486,070,717
Accumulated amortisation and impairment	(164,147,098)	(55,776)	(50,996,280)	(215,199,154)
	<u>228,614,326</u>	<u>613,534</u>	<u>41,643,703</u>	<u>270,871,563</u>

Company

**Software costs
N'000**

At 31 December 2018

Cost	-
Accumulated amortisation	-
Net book value	<u>-</u>

Year ended 31 December 2019

Cost	
Opening balance	-
Additions	669,310
	<u>669,310</u>

Accumulated amortization

Opening balance	-
Amortisation charge (Note 10b)	(55,776)
	<u>(55,776)</u>

Net book amount at 31 December 2019

Cost	669,310
Accumulated amortisation	(55,776)
	<u>613,534</u>

i Impairment of intangible assets

(a) Exploration and evaluation asset impairment losses

The above exploration and evaluation assets represent expenditures arising from the exploration and evaluation of oil and gas interests. The costs relate to oil and gas properties primarily located in Nigeria and São Tomé and Príncipe ("STP"). The technical feasibility and commercial viability of extracting oil and gas has not yet been determined in relation to the above properties, therefore, they remain classified as exploration and evaluation assets at December 31, 2019.

Key assumptions in the determination of cash flows from reserves include crude oil, natural gas and natural gas liquids "NGL" prices, loss factors and the discount rate. Reserves as at December 31, 2019 have been evaluated by independent qualified reserves evaluators (Degolyer and MacNaughton). The table below summarizes the forecast prices used to determine cash flows from crude oil reserves and resources which is based on the futures market forward curve for Brent.

Year	2020	2021	2022	2023	2024	2025	2026
Dated Brent (US\$/barrel)	38.12	46.33	54.97	59.36	62.27	63.79	65.50
NGL (US\$/barrel)	10.22	10.67	11.14	11.37	11.53	11.61	11.71
Natural gas (US\$/mcf)	1.32	1.44	1.56	1.62	1.66	1.68	1.70

Year	2027	2028	2029	2030	2031	2032	Beyond
Dated Brent (US\$/barrel)	66.97	68.46	69.97	71.65	73.09	74.55	+2%
NGL (US\$/barrel)	11.78	11.87	11.95	12.04	12.12	12.19	+1%
Natural gas (US\$/mcf)	1.72	1.74	1.76	1.78	1.80	1.82	+1%

Crude oil loss factors applied ranged from 10.5% on an annual basis for the first four years then declining to 0% over the next three years (with the exception of Ebendo where a 15% annual loss factor was applied to the remaining field life). The discount rate applied on the cash flows was 12.13%. For exploration and evaluation assets, OER used \$1.19/boe as the implied value/boe on 2C unrisks contingent resources based on comparable market transactions and consideration of forward price declines.

Management determined that exploration and evaluation assets are qualifying assets and therefore eligible for capitalisation of borrowing cost. However, no borrowing cost was capitalised during the year reviewed. The assessment above led to an impairment loss of N12.6 billion (\$34.9 million).

(b) Goodwill impairment losses

Goodwill impairment of N156.5 billion (\$432 million) relating to OER has been recorded in these consolidated financial statements (2018: N6 billion/\$16.5 million relating to Oando Trading Bermuda (OTB)). The key assumptions in an impairment test for goodwill are the cash flows projections, growth rate and the pre-tax risk adjusted discount rates. As per the Group's accounting policy, goodwill is allocated to the Group's cash generating units (CGUs) identified according to the operating segments

OER's goodwill arising from E&E and producing assets was impaired as the fair value less costs of disposal for E&E assets and the discounted estimated future cash flows for producing assets were lower than its carrying value. Key assumptions in the determination of cash flows from reserves include crude oil and natural gas prices, the discount rate, and per boe values.

Based on management's view on OTB's past performance and its expectations of market development, there are no budgeted cash flows for the company hence the impairment. However, OTB was recognized as a cash-generating-unit (CGU) for the purpose of this impairment test prior to now, the impairment losses on the company had been covered by increases in value from other profitable companies in the trading segment.

Impairment tests for goodwill

Key assumptions

In determining the recoverable amount of a CGU, management has made key assumptions to estimate the present value of future cash flows. These key assumptions have been made by management reflecting past experience and are consistent with relevant external sources of information.

Cash flows

The cash flows projections are from financial budgets approved by senior management covering a 5 year period.

Pre-tax risk adjusted discount rates

Pre-tax risk adjusted discount rates are derived from risk-free rates based upon long term government bonds in the territory in which the CGU operates. A relative risk adjustment has been applied to risk-free rates to reflect the risk inherent in the CGU. The cash forecast covered five years.

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to the operating segments. A segment-level summary of the goodwill allocation is presented below:

At 31 December 2018

	Nigeria N'000	Other countries N'000	Total N'000
OER	379,221,242	-	379,221,242
	379,221,242	-	379,221,242

At 31 December 2019

	Nigeria N'000	Other countries N'000	Total N'000
OER	(164,147,098)	-	(164,147,098)
	(164,147,098)	-	(164,147,098)

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flows projections based on financial budgets approved by management covering a 5 year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates for the CGU in future as disclosed below. The growth rate does not exceed the long-term average growth rate for the respective industry in which the CGU operates.

The key assumptions used for value-in-use calculations were as follows:

	At 31 December 2019		At 31 December 2018	
	OER	Oando Trading Bermuda	OER	Oando Trading Bermuda
Growth rate	5.8%	0.0%	8.0%	0.0%
Discount rate	12.1%	0.0%	17.6%	0.0%

Management determined estimated cash flows based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecast performance of the oil and gas industry in which the CGUs operate. The discount rates used are pre-tax and reflect specific risks relating to the relevant segment and CGU.

17 Investment properties

The Company (through Unipetrol Nigeria PLC) signed a sublease agreement with Oniru Chieftaincy Family Property Company Limited, a Limited Liability Company incorporated in Nigeria in 2002 for a parcel of land approximately 10,864.112 sqm and known as Plot 13 in Block VI within the Oniru Chieftaincy Family Private Layout, Lekki Peninsula, Victoria Island, Lagos State, Nigeria for a consideration of N95 million. This agreement did not have the consent of the Attorney General and Commissioner for Justice for and on behalf of the Governor of Lagos State.

On 13 December 2006, the Commissioner for Lands on behalf of the Executive Governor of Lagos State revoked the right of occupancy of a part of the land (4,906.097 sqm) which was needed for public purpose (site/works yard for Lekki-Epe expressway expansion). However, on 11 December 2014 by a notice in the Lagos State of Nigeria official Gazette No 82 Vol. 47, the Executive Governor of Lagos State reinstated the revoked right of occupancy in the said portion of the land.

Another sublease agreement was signed 3 November, 2018 with Oniru Chieftaincy Family Property Company Limited for the same parcel of land which was consented to by the Honorable Commissioner, Ministry of Physical Planning and Urban Development on 1 February, 2019.

Fair value of the properties:

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
Land located in Abuja (5,168.14 sqm)*	1,188,000	1,033,000	1,188,000	1,033,000
Land located in Lagos (10,864.11 sqm)	1,620,000	-	1,620,000	-
	2,808,000	1,033,000	2,808,000	1,033,000
	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
At 1 January	1,033,000	1,033,000	1,033,000	1,033,000
Stamp duty paid on investment property	6,650	-	6,650	-
Fair value gain (Note 9, 37a)	1,768,350	-	1,768,350	-
At 31 December	2,808,000	1,033,000	2,808,000	1,033,000

*Details of the Abuja land had been reported in the 2017 audited consolidated financial statements and management is yet to decide on the use of the land.

These are classified as investment properties as management's intention for use is yet to be determined and the fair value of the properties were determined using the direct market comparison method of valuation by an independent estate valuer, Ubosi Eleh and Co - represented by Emeka D. Eleh (FRC/2015/NIESV/00000013406) in January 2020.

This carrying value represents the fair value of the properties. There was no rental income and related operating expenses from these properties during the year. The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop the investment properties or for repairs, maintenance and enhancements.

18 Investment in associates accounted for using the equity method

The amounts recognised in the statement of financial position are as follows;

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
Investment in associates	1,782,799	6,424,732	2,716,431	2,716,431

The amounts recognised in the statement of profit or loss are as follows:

Share of loss for the year (Note 37a)	(1,821,974)	(372,369)	-	-
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Investment in associate

Set out below are the associates of the Group at 31 December 2019. The associates have share capital consisting solely of Ordinary Shares, which are held directly by the Group. The countries of incorporation or registration of the associates are also their principal places of business.

	Place of business	Country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
2019					
Oando Wings Development Limited (OWDL)	Nigeria	Nigeria	19.45%	Associate	Equity Accounting
Umugini Pipeline Infrastructure Limited	Nigeria	Nigeria	11.25%	Associate	Equity Accounting
2018					
Oando Wings Development Limited (OWDL)	Nigeria	Nigeria	23.3%	Associate	Equity Accounting
Glover BV	Netherlands	Netherlands	25.0%	Associate	Equity Accounting
Umugini Asset Company Limited	Nigeria	Nigeria	11.25%	Associate	Equity Accounting

Oando Wings Development Limited

Oando Wings Development Limited (OWDL) is a special purpose vehicle incorporated in 2011 in Nigeria to invest in real estate and to undertake, alone or jointly with other companies or persons the development of property generally for residential, commercial or any other purpose including but not limited to the development of office complexes and industrial estates. The company is a private company and therefore there is no quoted market price available for its shares. The company has an authorised share capital of ten million Ordinary Shares of N1 each.

The company was a fully owned subsidiary of Oando PLC until December 20, 2013, when it issued 3,710,000 Ordinary Shares of N1 each to RMB Westpoint. The issue of Ordinary Shares to RMB Westpoint Wings diluted Oando PLC's interest to 41% and OWDL was subsequently accounted for as "investment in associate". On May 8, 2014, Standard Bank Group International Limited (SBGI) exercised its option and an additional 3,710,000 ordinary shares of N1 each was taken up by SBGI. As a result, Oando PLC's interest was further diluted to 25.8%.

On 2nd November 2016, Oando PLC ('the Borrower') entered into a rental funding facilities agreement with RMB Westpoint, SB Wings Development Limited (together referred to as 'the Lenders') and Oando Wings Development Limited ('the Lessor') amended on 7 March 2017. The Lenders made available to the Borrower, \$20,500,000 divided into Facility A \$10,725,000 and Facility B \$9,775,000. However, the agreement provides that, on each Facility A Profit Share Date, the Lenders shall subscribe for, and the Lessor shall issue, that number of Ordinary Shares in the share capital of the Lessor to the Lenders (in their Pro Rata Share of Facility A) as required to give effect to the reduced shareholding percentage of the Borrower in the Lessor for the relevant Facility A and B Profit Share Period as contained in the agreement.

Following from the above, on 8 June 2018, OWDL issued 536,481 shares each to RMB Westport Wings Limited and SB Wings Development Limited thereby diluting Oando PLC's interest to 23.3% from 25.8%. Oando PLC ought to have been diluted to 20.79% as of 31 December 2018, had OWDL followed the reduced shareholding percentage of the Borrower described above. The effect of the dilution to 23.3% was accounted for in the 31 December 2018 consolidated financial statements.

On 5 December 2019, OWDL further issued 1,095,910 shares each to RMB Westport Wings Limited and SB Wings Development Limited thereby diluting Oando PLC's interest to 19.45%. Oando PLC ought to have been diluted to 18.78% as of 31 December 2019, had OWDL followed the reduced shareholding percentage of the Borrower described above. The effect of the dilution to 19.45% has no effect on the 31 December 2019 consolidated financial statements as the carrying value of OWDL is nil based on recurring losses from the associate.

On 24 December 2019, Wings Mauritius Limited acquired 100% shares of RMB Westport Wings. However, registration of the shares was not completed with Corporate Affairs Commission, Nigeria as at end of 2019.

As at 31 December 2019, the Lenders had given a loan of N7.3 billion (\$20.02 million) (2018:N7.2 billion (\$19.8 million)) (Note 33d) to the Borrower. The borrowing has been accounted for at amortized cost and the effect reflected in the consolidated and separate statement of profit or loss.

Glover BV

Oando PLC acquired Glover BV (30%) on 31 December 2016 by virtue of the Consideration Shares received for the sale of targeted companies in the gas & power segments of the Group. The fair value of the interest received of N2.34 billion was taken as the carrying value of the associate.

The Group's interest reduced from 30% to 25% in Glover BV effective 31 January 2017 following the acquisition of 5% interest in Glover BV by Helios. On 29 March 2019, the Group through Oando Netherlands Cooperatief 3 ("Coop 3") sold the remaining 25% interest in Glover B.V. (an associate of the Group) and the loan note receivable from Glover B.V to HIP Glover S.a.r.l ("Luxco") for a total consideration of \$41.5 million. The sale and deemed disposal have been accounted for in these audited consolidated and separate financial statements (Note 22b).

Umugini Pipeline Infrastructure Limited

Umugini Pipeline Infrastructure Limited, formerly Umugini Asset Company Limited until January 2, 2019 when Corporate Affairs Commission granted approval to effect the change of name after a special resolution was passed by the board of directors on July 24, 2018.

The principal activity of Umugini Pipeline Infrastructure Limited "UPIL" is to carry on the business of planning, design, construction, ownership and provision of crude pipeline and fiscal metering facilities for the custody, operation, maintenance, handling and transportation by pipeline of stabilized crude on behalf of the shareholders and other oil and gas producing companies to downstream crude oil terminal facilities.

The associate has share capital consisting solely of Ordinary Shares, which are held in trust by Energia Limited for the Company's indirect subsidiary, Oando Production and Development Company Limited (OPDCL) in 2012 until the shares will be transferred to the joint venture company set up by both parties.

The transfer was effected on 8 March 2019 to Ebegwati Pipeline Company Limited (a joint venture company set up to hold shares in UACL). Through the shareholder and heads of terms agreement, OPDCL is guaranteed a seat on the board of UACL and participates in all significant financial and operating decisions even though it only holds 11.25% ownership (see Note 38xxiii).

Oando PLC exerts significant influence over these associates as the Group has representatives on the board of the companies and is involved in management decisions taken by the entities. All the associates above have been fully accounted for in these consolidated financial statements.

Summarised financial information of the associate

Set out below are the summarised financial information of the associates:
2019

Summarised statement of financial position	Umugini Pipeline Infrastructure Limited	Glover BV*	OWDL
	2019 N'000	2019 N'000	2019 N'000
Total current assets	18,017,000	-	6,269,147
Total non-current assets	32,514,292	-	68,186,855
Total current liabilities	(21,704,748)	-	(6,118,209)
Total non-current liabilities	(12,979,472)	-	(88,552,117)
Net asset/equity	15,847,072	-	(20,214,324)
Summarised statement of comprehensive income			
Revenue	9,745,430	-	6,765,494
Profit/(loss) after tax	4,149,310	-	(6,972,641)
Total comprehensive income	4,149,310	-	(6,972,641)
Share of profit/(loss) in associate*	466,821	-	-
Percentage holdings of the Group	11.25%	0%	19.45%

The information above reflects the amounts presented in the financial statements of the associate adjusted for differences in accounting policies (if any) between the Group and the associate.

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

	Umugini Pipeline Infrastructure Limited	Glover BV*	OWDL*	TOTAL
	2019 N'000	2019 N'000	2019 N'000	2019 N'000
Share of net asset	1,782,799	-	-	1,782,799
Carrying value of the associate	1,782,799	-	-	1,782,799

	Umugini Pipeline Infrastructure Limited	Glover BV*	OWDL	TOTAL
	2019 N'000	2019 N'000	2019 N'000	2019 N'000
Carrying value:				
As at beginning of the year	699,090	3,651,377	2,074,265	6,424,732
Share of profit/(loss) in associate	466,821	41,411	(2,330,206)	(1,821,974)
Reversal of share of associate's foreign currency translation reserve	-	-	54,363	54,363
Adjustment of loss from deemed disposal of interest in OWDL (Note 37a)	-	-	201,578	201,578
Derecognition of the carrying value of investment in associate following the disposal of 25% interest in Glover BV**	-	(4,154,382)	-	(4,154,382)
Exchange difference	4,250	461,594	-	465,844
Capital contribution from shareholders	612,638	-	-	612,638
As at end of the year	1,782,799	-	-	1,782,799

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*The carrying value of the Group's interest in OWDL was reduced to zero in 2019 as a result of its share of accumulated losses over the years.

**A total consideration of N507.7 million of which N288.6 million is cash and N219.1 million is deferred was agreed between the parties to sell 25% interest in Glover BV (which represents N4.15 billion in the books as at the date of disposal). This resulted in a loss on disposal of N3.6 billion (Note 9)

The associates had no capital commitments at 31 December 2019 (2018: nil).

No dividend was received from the associates in the year under review (2018: nil).

The Group does not have any significant restrictions such as borrowing or any regulatory restrictions that impede the ability of the associates to transfer funds in form of dividend or cash to the Group.

Summarised financial information of the associate

Set out below are the summarised financial information of the associates in 2018:

Summarised statement of financial position	Umugini Asset Company Limited 2018 N'000	Glover BV* 2018 N'000	OWDL 2018 N'000
Total current assets	13,665,652	16,609,355	2,388,747
Total non-current assets	23,251,956	56,234,588	65,107,007
Total current liabilities	(23,047,388)	(26,300,078)	(5,005,565)
Total non-current liabilities	(7,656,092)	(33,762,523)	(36,181,749)
Net asset/equity	6,214,128	12,781,342	26,308,440

Summarised statement of comprehensive income

Revenue	5,799,615	55,679,343	64,004,643
Profit/(loss) after tax	2,730,403	2,522,224	(5,430,013)
Other comprehensive loss	-	-	-
Total comprehensive income/(loss)	2,730,403	2,522,224	(5,430,013)
Share of profit/(loss) in associate*	307,170	630,557	(1,310,096)
Percentage holdings of the Group	11.25%	25.0%	23.3%

*The carrying value of Glover BV was accounted for using best estimates from Axxela Limited (a subsidiary of Glover BV).

The information above reflects the amounts presented in the financial statements of the associate adjusted for differences in accounting policies between the Group and the associate.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates

	Umugini Asset Company Limited 2018 N'000	Glover BV* 2018 N'000	OWDL 2018 N'000	TOTAL 2018 N'000
Percentage holdings of the Group	11.25%	25.0%	23.3%	
Share of net asset	699,090	3,195,335	6,129,867	10,024,292
Goodwill	-	456,042	-	456,042
Equity contribution by promoters	-	-	(4,055,602)	(4,055,602)
Carrying value of the associate	699,090	3,651,377	2,074,265	6,424,732

	Umugini Asset Company Limited 2018 N'000	Glover BV* 2018 N'000	OWDL 2018 N'000	TOTAL 2018 N'000
Carrying value:				
As at beginning of the year	386,289	3,020,821	4,132,904	7,540,014
Share of profit/(loss) in associate	307,170	630,556	(1,310,095)	(372,369)
Loss on deemed disposal of interest in OWDL (Note 37a)	-	-	(748,544)	(748,544)
Exchange difference	5,631	-	-	5,631
As at end of the year	699,090	3,651,377	2,074,265	6,424,732

*The carrying value of Glover BV was accounted for using best estimates from Axxela Limited (a subsidiary of Glover BV).

Company

Investment in associates

At 1 January 2018 and 31 December 2018

Oando Wings

N'000

2,716,431

At 1 January 2019 and 31 December 2019

2,716,431

19 Deferred income tax liabilities and deferred income tax assets

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

	Group 2019 N'000	Group 2018 N'000
The analysis of deferred tax liabilities and deferred tax assets is as follows:		
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12months	12,657,924	214,662,084
Deferred tax assets		
Deferred tax assets to be recovered after more than 12months	(3,595,526)	(45,093,156)
Deferred tax liabilities, net	<u>9,062,398</u>	<u>169,568,928</u>

The gross movement in deferred income tax account is as follows:

At start of the year	169,568,928	176,099,231
Effect of adoption of new accounting standards	-	(729,515)
Restated opening balance	169,568,928	175,369,716
Credited to profit or loss (Note 13a)	(159,616,546)	(7,545,278)
Exchange differences	(889,984)	1,744,490
At end of year	<u>9,062,398</u>	<u>169,568,928</u>

Consolidated deferred income tax assets and liabilities, deferred income tax (credit)/charge in the statement of profit or loss, in equity and other comprehensive income are attributable to the following items:

	1.1.2018	Effect of adoption of new accounting standards	Restated opening as at January 1, 2018	(Credited)/ charged to P/L	Exchange Differences	31.12.2018
	N'000	N'000	N'000	N'000	N'000	N'000
GROUP						
2018						
Deferred income tax liabilities						
Property, plant and equipment and						
Exploration and evaluation assets	200,553,192	-	200,553,192	(9,883,347)	1,988,075	192,657,920
Finance Leases	21,654,752	-	21,654,752	128,148	221,264	22,004,164
	<u>222,207,944</u>	<u>-</u>	<u>222,207,944</u>	<u>(9,755,199)</u>	<u>2,209,339</u>	<u>214,662,084</u>
Deferred income tax assets						
Provisions	(43,748,345)	(497,736)	(44,246,081)	718,478	(446,684)	(43,974,287)
Tax losses	(2,360,368)	(231,779)	(2,592,147)	1,491,443	(18,165)	(1,118,869)
	<u>(46,108,713)</u>	<u>(729,515)</u>	<u>(46,838,228)</u>	<u>2,209,921</u>	<u>(464,849)</u>	<u>(45,093,156)</u>
Net deferred income tax liabilities	<u>176,099,231</u>	<u>(729,515)</u>	<u>175,369,716</u>	<u>(7,545,278)</u>	<u>1,744,490</u>	<u>169,568,928</u>

	1.1.2019	Charged/ (credited) to P/L	Exchange Differences	31.12.2019
	N'000	N'000	N'000	N'000
2019				
Deferred income tax liabilities				
Property, plant & equipment and Exploration				
& evaluation assets	192,657,920	10,971,613	316,742	203,946,275
Provisions	-	(213,485,242)	(1,256,501)	(214,741,743)
Unrealized exchange differences	-	1,336,388	-	1,336,388
Finance Leases	22,004,164	81,444	31,396	22,117,004
	<u>214,662,084</u>	<u>(201,095,797)</u>	<u>(908,363)</u>	<u>12,657,924</u>
Deferred income tax assets				
Provisions	(43,974,287)	76,876,004	236,372	33,138,089
Property, plant & equipment and Exploration				
& evaluation assets	-	(7,416,599)	(21,768)	(7,438,367)
Tax losses	(1,118,869)	(27,980,154)	(196,225)	(29,295,248)
	<u>(45,093,156)</u>	<u>41,479,251</u>	<u>18,379</u>	<u>(3,595,526)</u>
Net deferred income tax	<u>169,568,928</u>	<u>(159,616,546)</u>	<u>(889,984)</u>	<u>9,062,398</u>

	2019 N'000	2018 N'000
Analysis of deferred tax charge for the year (Note 13)	(159,616,546)	(7,545,278)

Deferred tax asset relating to unutilised tax losses carried forward are recognised if it is probable that they can be offset against future taxable profits or existing temporary differences. As at 31 December 2019, the Group had deferred tax assets of N401.2 billion (2018: N225 billion) relating to deductible temporary differences and tax losses from Oando PLC (Company) and OER which were not recognised. Management is of the view that due to the structure of the companies, sufficient taxable profit may not be generated in the nearest future to absorb the reversal of the deferred tax. Tax losses can be carried forward indefinitely. Oando PLC and OER do not have any unrecognised deferred tax liability.

At 31 December 2019, there was no recognised deferred tax liability (2018: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associate or joint venture. The Group has determined that undistributed profits of its subsidiaries, joint venture or associate will not be distributed in the foreseeable future.

The Company has unused tax losses of N207.7 billion (2018: N176.7 billion) for which no deferred tax was recognised. There is no time limit within which the tax assets could be utilised.

20	Derivative financial assets	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
	Commodity option contracts	1,252,965	1,853,245	-	-
	Analysis of total derivative financial assets				
	Non current	-	-	-	-
	Current	1,252,965	1,853,245	-	-
	Total	1,252,965	1,853,245	-	-

Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent that they are expected to be settled within 12 months after the end of the reporting period. Further information about the derivatives used by the Group is provided below.

Commodity option contracts

The table below summarizes the details of the financial commodity contracts in place as at December 31, 2019 as a result of these arrangements:

Position	Remaining term	Fixed (\$)	Price/Unit Strike (\$)	Premium	Volume (bbl/d) ²	Fair value =N=
- Purchased put ¹	Jan 2020- Sept 2020	-	55.00	-	8,000	1,252,965
Total					8,000	1,252,965

¹ Financial commodities contract.

² Average volume over the remaining life of the contract.

OER entered into a hedge arrangement in October 2019. Those hedges account for 8,000 bbl/day. The effect of the hedges is to fix the price of oil OER receives on the specific volumes at \$55/bbl. Once dated Brent crude oil price goes below the strike price, OER receives proceeds on the floating differential. OER received a net cash of \$15 million during the year, relating to crystalized hedges. Hedge accounting in line with IFRS 9 has not been applied to this transaction.

Derivatives, including financial commodity contracts, are initially recognized at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value with the resulting gains or losses recognized as income or expense in the statement of profit or loss in the period. For the year ended December 31, 2019, OER recorded net fair value loss on financial commodity contracts of N7.9 billion (2019: \$21.7 million; 2018: N1.1 billion; \$3.0 million gain). OER also realized net gains of N5.4 billion (2019: \$15 million; 2018: N1.4 billion; \$3.9 million) from monthly settlements on the financial commodity contracts. This resulted in a net (loss)/gain of N2.5 billion (2018: N1.1 billion).

The fair value of commodity contracts is calculated based on observable inputs which include forward prices of crude oil.

21	Finance lease receivables	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
	Finance lease receivable - Non Current	73,510,965	73,612,863	9,202,848	-

- (i) OER is party to a power purchase agreement which is accounted for as a finance lease. OER, as a party to the NAOC/POCNL/NNPC JV entered into a power purchase agreement with Power Holding Company of Nigeria ("PHCN") (now Nigerian Bulk Electricity Trading "NBET") in 2001. The agreement is to develop, finance, construct, own, maintain and operate as a joint operation an upstream gas project. The gas project is located in Kwale for the production of electric power ("the Kwale-Okpai Independent Power Plant" or "Kwale IPP"). The gas plant utilizes fuel source from the natural gas reserves in jointly operated oil fields operated by Nigeria Agip Oil Company Limited (NAOC). The agreement will continue in full force and effect for 20 years from the Commercial operations date with the option of renewal of 5 years. At the end of the 25th year, PHCN shall have the option to purchase the Kwale IPP at a fair price determined by an expert. PHCN will pay a contracted sum to the Joint operation partners throughout the tenure for capacity and for the purchase of electricity from the plant. The transaction has been accounted for as a finance lease.

The unguaranteed residual value has been estimated as N60 billion (\$164.7million). The lease payments grow over time but are lower than the interest income for the first five years and as such the finance lease receivables have been considered as non-current.

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The net investment in finance lease receivables by the Group amounted to N73.5 billion (\$201.7 million) at December 31, 2019 (2018: N73.6 billion; \$202.2 million) and will bear interest until their maturity dates of N82.3 billion; \$225.7 million (2018: N90.6 billion; \$248.8 million). The increase in net investment in finance lease is attributable to exchange difference. The fair value of the lease receivable as at 31 December 2019 is N68.53 billion; \$188 million (2018: N66.5 billion; \$182.7 million).

(ii) The receivables under the finance leases are as follows

	Group 2019 N'000	Group 2018 N'000	*Company 2019 N'000	Company 2018 N'000
Non-current receivable				
Finance lease - gross receivables	156,352,224	164,279,212	9,320,225	-
Unearned finance income	(82,267,683)	(90,570,665)	-	-
Impairment	(570,119)	(94,706)	(117,377)	-
Exchange difference on impairment	(3,457)	(978)	-	-
	<u>73,510,965</u>	<u>73,612,863</u>	<u>9,202,848</u>	<u>-</u>
Current receivables				
	-	-	-	-
	<u>Group 2019 N'000</u>	<u>Group 2018 N'000</u>	<u>Company 2019 N'000</u>	<u>Company 2018 N'000</u>
No later than one year:				
Total future value	8,361,607	8,050,061	4,797,544	-
Unearned interest income	(8,451,670)	(8,418,085)	(852,617)	-
Total impairment	(573,576)	(95,684)	(117,377)	-
Present value	<u>(663,639)</u>	<u>(368,024)</u>	<u>3,827,550</u>	<u>-</u>
Between one and five years:				
Total future value	45,051,601	34,673,218	5,999,480	-
Unearned interest income	(41,685,011)	(33,651,763)	(1,039,584)	-
Present value	<u>3,366,590</u>	<u>1,021,455</u>	<u>4,959,896</u>	<u>-</u>
Later than five years:				
Total future value	42,922,444	61,527,648	435,579	-
Unguaranteed residual value	60,016,572	59,932,600	-	-
Unearned interest income	(32,131,002)	(48,500,816)	(20,177)	-
Present value	<u>70,808,014</u>	<u>72,959,432</u>	<u>415,402</u>	<u>-</u>
Finance lease receivable	<u>73,510,965</u>	<u>73,612,863</u>	<u>9,202,848</u>	<u>-</u>
Gross receivables from finance lease				
Not later than one year	8,361,607	8,145,746	4,797,544	-
Later than one year and not later than five years	45,051,601	34,673,218	5,999,480	-
Later than five years	<u>102,939,016</u>	<u>121,460,248</u>	<u>435,579</u>	<u>-</u>
	156,352,224	164,279,212	11,232,603	-
Unearned future finance income on finance lease	(82,267,683)	(90,570,665)	(1,912,378)	-
Opening impairment	(95,684)	(97,697)	-	-
Current year impairment (Note 10c)	(474,434)	2,991	(117,377)	-
Exchange difference on impairment	(3,458)	(978)	-	-
Net investment in finance lease	<u>73,510,965</u>	<u>73,612,863</u>	<u>9,202,848</u>	<u>-</u>
The net investment in finance lease may be analysed as follows:				
Not later than one year	(663,640)	(368,024)	3,827,550	-
Later than one year and not later than five years	3,366,591	1,021,455	4,959,896	-
Later than five years	<u>70,808,014</u>	<u>72,959,432</u>	<u>415,402</u>	<u>-</u>
	<u>73,510,965</u>	<u>73,612,863</u>	<u>9,202,848</u>	<u>-</u>

(iii) Movement in finance lease receivables

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
Opening balance	73,612,863	72,442,004	-	-
Additions	-	-	13,356,502	-
Impairment	(474,434)	2,991	(117,377)	-
Interest income	8,371,235	8,331,081	1,319,161	-
Cash received	(8,157,160)	(7,947,069)	(4,303,157)	-
Modification**	-	-	(1,044,760)	-
Exchange difference	158,461	783,856	(7,521)	-
	<u>73,510,965</u>	<u>73,612,863</u>	<u>9,202,848</u>	<u>-</u>

*The finance lease in Company relate to subleases of office spaces (which is part of a leased building) and an aircraft to Oando Servco Nigeria Limited.

**The modification above relates to a revision in consideration with regards to the office space and parking bays leased by Oando Servco Nigeria Limited from Oando PLC as of 1 November 2019.

22 a) Non-current receivables

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
Underlift receivables (Note 22c)	26,499,784	26,462,707	17,231,217	17,207,108
Other non-current receivables	<u>16,920,689</u>	<u>34,494,200</u>	<u>-</u>	<u>9,460,753</u>
	43,420,473	60,956,907	17,231,217	26,667,861
Less: Allowance for impairment of non-current receivables	<u>(35,791,961)</u>	<u>(47,877,720)</u>	<u>(17,231,217)</u>	<u>(23,690,821)</u>
	7,628,512	13,079,187	-	2,977,040
Less: current portion of joint operations receivables reclassified to other receivables (Note 24a)	<u>(7,628,512)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>13,079,187</u>	<u>-</u>	<u>2,977,040</u>

b) Movement in allowance for impairment of non-current receivables for the year is as detailed below:

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
At start of the year	47,877,720	40,751,790	23,690,821	17,033,619
Effect of IFRS 9	-	6,631,553	-	6,404,397
Restated opening balance	47,877,720	47,383,343	23,690,821	23,438,016
Reversal of impairment on Glover loan note receivables (Note 10c)	(6,424,576)	-	(6,424,576)	-
(Reversal of impairment)/impairment losses of non-current receivables (Note 10c, 37a)	(5,638,276)	252,805	24,109	252,805
Exchange difference	(22,907)	241,572	(59,137)	-
At end of year	35,791,961	47,877,720	17,231,217	23,690,821

c) **Underlift receivables**

Under lift receivables represent the Group's crude oil entitlements as a result of operations on OML 125. These balances are owed by the Nigerian National Petroleum Corporation (NNPC). The NNPC is the state oil corporation through which the federal government of Nigeria regulates and participates in the Country's petroleum industry. OER is currently in a dispute with the NNPC in relation to certain liftings done by the NNPC in 2008 and 2009 and which, in the view of OER and Nigeria Agip Exploration Limited ("NAE"), the operator of OML 125, exceeded the NNPC's entitlements due to a dispute between OER and the NNPC in relation to OER's tax obligations associated with oil production from OML 125. This dispute was referred to arbitration by NAE and the OER and, in October 2011, the arbitral tribunal issued an award which was in favour of NAE and the OER.

Later in October 2011, NNPC filed a lawsuit in the Nigerian Federal High Court challenging the award and it obtained an injunction restraining further action in the arbitration. The NNPC also filed an action requesting the court to retain an injunction pending final determination of the case before the Federal High Court. In response to the NNPC law suit, NAE and the OER filed an application to discharge the injunction. The case is still pending before the Nigerian Federal High Court. Although not a party to the arbitration proceedings described above, in October 2011, the Federal Inland Revenue Service ("FIRS") began an action in the Federal High Court challenging the jurisdiction of the arbitral tribunal to determine tax issues in the proceedings between the NNPC, NAE and the OER. In response to this, in October 2011, NAE and OER filed a jurisdictional challenge against the FIRS on the ground that the FIRS lacked the ability to demonstrate sufficient connection to the matter between NNPC and NAE/OER.

On February 28, 2014, the injunction obtained by the NNPC restraining the arbitration was set aside by the Court of Appeal. NAE and OER have subsequently communicated the value of final award expected to the arbitration panel. The award has not been granted neither has NNPC appealed the setting aside of the injunction to date.

On completion of the Oando Reorganization on July 24, 2012, OER retained the contractual rights to receive the cash flows associated with N26.5 billion (2018: N26.5 billion) of the underlift receivable and also assumed a contractual obligation to pay a portion of those cash flows (2019: N17.23 billion; 2018: N17.21 billion) to the Company. As part of the terms, OER has no obligation to pay amounts to Oando PLC unless it collects the equivalent amounts from the original receivable.

NNPC and NAE, on 25 September 2019, signed the Heads of Terms ("HOT"), which provided for the negotiated and settlement amount of \$257,977,252.35, to be further adjusted on a mutually agreed effective date. However, OML 125 & 134 asserted that NAE did not adequately represent its interest in the HOT. In August 2021, OML 125 & 134 Ltd.'s direct negotiation of the receivable with NNPC resulted in an agreed and approved settlement amount (comprising principal amount plus accrued interest) of \$155,000,000. NNPC has paid the agreed settlement amount to OML 125 & 134 Ltd.

The increase in the underlift receivables is as a result of exchange rate differential, which also impacted on the translated accumulated impairment amount. The Group had made full provision for the receivables due to the initial uncertainty associated with the timing of collectability and the related dispute. However, the full provision was reversed in 2021.

d) **Other non-current receivable**

Other non-current receivables include a joint operations receivable of N16.9 billion (2018: N25 billion) and N7.6 billion (2018: N10.1 billion) represents the maximum credit risk exposure on this instrument. As at December 31, 2019, the carrying amount of the joint operations receivable which relate to OER's interest in Qua Ibo, has been reduced to its recoverable amount through the recognition of an impairment reversal of N5.7 billion (\$15.6 million); (2018: nil).

N2.97 billion represents outstanding loan note receivable from Glover BV (as at 31 December 2018) as part of consideration for the sale of Oando Gas and Power in December 2016. Its recoverable amount had been reduced through the recognition of an impairment loss of N6.5 billion in 2018. The impairment was reversed in 2019 upon full settlement of the loan note receivable. The initial amount of N9.7 billion (\$31.8 million) was the present value of the \$42 million loan note as at 31 December 2016. On 24 January 2017, the Group through Oando Netherlands Cooperatief 3 ("Coop 3"), issued a Transfer Interest Notification to HIP Glover S.a.r.l ("Luxco") in accordance with SHA Side Letter dated 13 September 2016. In particular, Coop 3 offered 5,000 A Shares with a nominal value of USD 0.01 each in the capital of Glover Gas & Power B.V. ("Glover BV"), comprising 5% of the total issued share capital of Glover BV and 5% of Oando's loan notes issued by Glover BV at closing in the principal amount of \$7,033,811.49. Both transfers amounted to USD 8,275,072.36 (N2.6 billion). Luxco accepted the Transfer Interest Notification on 31 January 2017 and paid N3.1 billion to the Company on 8 March 2017.

Consequently, the Group's interest reduced from 30% to 25% in Glover BV effective 31 January 2017. On March 29, 2019, the Group through Oando Netherlands Cooperatief 3 ("Coop 3") sold 25% of its interest in Glover B.V. and the loan note receivable from Glover B.V. to HIP Glover S.a.r.l ("Luxco") (with a carrying amount of N2.97 billion at 31 December 2018) for a total consideration of \$41.5 million. The loan note principal consideration of \$34,199,905.22 (N12.3 billion) and \$800,094.78 (N288.6 million) representing the initial share consideration was paid to the Company on the completion date while the balance of \$6,500,000 represents the deferred consideration to be paid in 12 months' time. The transfers and deemed disposals have been accounted for in these consolidated and separate financial statements (Note 18). The deferred consideration has been paid in 2020 (see Note 38viii, 40(10)).

Classification of non-current receivables at amortised cost

The Group classifies its non-current receivables at amortised cost only if both of the following criteria are met: (i) the asset is held within a business model whose objective is to collect the contractual cash flows, and (ii) the contractual terms give rise to cash flows that are solely payments of principal and interest.

23	Inventories	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
	Crude oil	1,074,310	1,006,055	-	-
	Materials	740,748	935,300	-	-
	Products-in-transit	22,720,940	26,449,402	22,578,799	26,514,991
	Consumables and engineering stock	5,681	1,743	-	-
		<u>24,541,679</u>	<u>28,392,500</u>	<u>22,578,799</u>	<u>26,514,991</u>

The cost of inventories recognised as an expense (written down to net realisable value) and included in 'cost of sales' was nil (2018: nil).

24 a) Trade, other receivables and contract assets

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company* 2018 N'000
Trade receivables from third parties	19,269,158	55,649,606	2,825,182	-
*Trade receivables from related parties (Note 38xxvi)	-	-	13,650,952	14,741,452
***Contract assets	24,402,287	-	-	-
Less: allowance for impairment of trade receivables	<u>(2,124,503)</u>	<u>(2,354,857)</u>	<u>(5,222)</u>	<u>(4,422)</u>
	41,546,942	53,294,749	16,470,912	14,737,030
**Other receivables	254,898,957	48,526,028	21,239,275	22,588,714
Withholding tax receivable	3,966,529	3,905,661	3,737,823	2,824,966
Deposit for import	6,627	12,996	-	-
*Amount due from related parties (Note 38xxvi)	-	-	163,296,716	161,269,490
Less: allowance for impairment of other receivables	<u>(177,554,603)</u>	<u>(20,947,991)</u>	<u>(63,401,353)</u>	<u>(66,242,702)</u>
	<u>122,864,452</u>	<u>84,791,443</u>	<u>141,343,373</u>	<u>135,177,498</u>

*Trade receivables from related parties was reclassified from amount due from related parties for comparability with 2019.

**This includes the N7.6 billion reclassified from non-current receivables (2018: nil) (Note 22a)

***Contracts assets were tested for impairment and the ECL of N7.3 million was deemed immaterial.

b) Classification of trade receivables at amortised cost

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days except for receivables from Nigeria Bulk Electricity Trading PLC which is 60 days. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 5f and 7 respectively.

The Group's other receivables largely relate to receivable from Whitmore Asset Management Limited of N159.7 billion (2018: nil), Cash calls made to JV partners of N66 billion (2018: N18.5 billion), receivable from service agreements with customers (OES Integrated Services Limited, Oando Gas & Power Limited, OVH Energy BV and Gaslink Nigeria Limited) of N832.7 million (2018: N4.9 billion), deferred consideration from Helios of N2.4 billion (2018: nil) and dividend receivable of N13.9 billion (2018: N16 billion).

The Company's other receivables largely relate to dividend receivable of N13.9 billion (2018: N16 billion), deferred consideration from Helios of N2.4 billion (2018: nil), receivables from Goldeneye of N3.5 billion (2018: nil), receivable from service agreements with customers (OES Integrated Services Limited, Oando Gas & Power Limited, OVH Energy BV and Gaslink Nigeria Limited) of N832.7 million (2018: N4.9 billion).

The carrying amounts of trade and other receivables for 2019 and 2018 respectively approximate their fair values due to their short term nature. The fair values are within level 2 of the fair value hierarchy.

c) Movement in provision for impairment of receivables for the year is as detailed below:

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
As previously stated:				
At start of the year	23,302,848	21,746,097	66,247,124	54,304,370
Adjustment to opening balances	-	15,524,018	-	22,406,674
Allowance for receivables impairment (Note 10c, 37a)	159,159,044	(13,405,328)	(315,373)	(10,463,920)
Receivables written off during the year as uncollectible	(4,076,465)	-	(2,525,176)	-
Exchange difference	1,293,679	(561,939)	-	-
At end of year	<u>179,679,106</u>	<u>23,302,848</u>	<u>63,406,575</u>	<u>66,247,124</u>

Trade & other receivables are non-interest bearing and are normally settled within one year.

25	Deposit for shares	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
	Opening balance	3,037,619	-	-	-
	Payments made during the year	4,869,758	3,037,619	-	-
	Deposits converted to shares during the period	(4,815,548)	-	-	-
	Exchange difference	6,506	-	-	-
	Closing balance	<u>3,098,335</u>	<u>3,037,619</u>	<u>-</u>	<u>-</u>

During the year, certain balances of the comparative figure was reclassified from other payables to deposit for shares (Note 35).

Following the guarantee disclosed in page 22, Calabar Power (through Oando PLC) paid \$8.3 million (N3 billion) in 2018 and \$13.5 million (N4.9 billion) in 2019. Effective 31 May 2019, Goldeneye ("Transferor") and Calabar Power Limited ("Transferee") executed a Share Transfer Form for 5,236,626 Ordinary shares out of the 17,455,414 Ordinary Shares expected because of the guarantee. Amounts paid up to 31 December 2019 have been reflected as deposit for shares in these consolidated financial statements. Following the executed Share Transfer Form, OEPH issued a share certificate for the transferred shares in favour of the Transferee (Note 38xix). See Note 40(8) for further events after 2019.

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26	Prepayments	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
	Non-current	164,568	493,705	164,568	493,705
	Current	3,488,315	4,113,394	609,113	1,023,376
		3,652,883	4,607,099	773,681	1,517,081

Prepayments represent prepaid expenses such as prepaid interest, prepaid insurance, hedging asset, advance payment to vendors and upfront salaries paid to staff.

27	Financial assets at fair value through profit or loss	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
	Convertible loan - Non current (a)	-	11,106,341	-	11,106,341
	Quoted and unquoted equity instruments - Current (b)	48,223	53,219	45,644	50,716
	Total	48,223	11,159,560	45,644	11,157,057

a **Convertible loans- Non current**

On 22 October 2018, a Convertible Note Purchase Agreement (the "Note"/"CNPA") was executed by Oando PLC and OES Integrated Services Limited ("OES"), the acquirer of OES owing to the Management Buy Out transaction in 2016. The parties agreed to defer the payment of the debt on the terms stated in the CNPA and in consideration of this, OES agreed that it shall issue the Note to Oando PLC with a face value equal to the debt amount at nil interest. As at 31 December 2019, the debt amount of N12,485,094,736 was owed by OES to Oando PLC.

According to the CNPA, Oando PLC has the right to convert the whole (and not part) of the outstanding principal amount of the Note to fully paid and non-assessable Ordinary Shares. The number of shares to be issued pursuant to the CNPA shall be such number of Ordinary Shares that would result in Oando PLC holding 60% of the shares on a fully diluted basis.

Based on the valuation done by an independent external valuer, PricewaterhouseCoopers Limited - represented by Kwabena Asante Poku), if Oando PLC opts to convert the Note at 31 December 2019 and on 31 December 2018, the value of Oando PLC's 60% shareholding in OES is valued at negative N1.9 billion (negative \$5 million) and N11.1 billion (\$30.51 million) respectively compared to the value of the debt of N12.5 billion (\$34.3 million).

The loss on fair valuation of N11.1 billion has been recognised in these audited consolidated and separate financial statements.

The movement is as follows:

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
At start of the year	11,106,340	-	11,106,340	-
Addition	-	12,485,093	-	12,485,093
Fair value loss (Note 10a, 37a)	(11,106,340)	(1,378,753)	(11,106,340)	(1,378,753)
At the end of year	-	11,106,340	-	11,106,340

b **Quoted and unquoted equity instruments - Current**

This represents the Company's equity investments that are listed on the Nigerian Stock Exchange. Each investment is carried at fair value based on current bid price on the Nigerian Stock Exchange at 31 December of the reporting year. The movement is as follows:

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
At start of the year	53,219	61,856	50,716	59,895
Fair value loss (Note 9, 37a)	(5,072)	(9,179)	(5,072)	(9,179)
Exchange difference	76	542	-	-
At the end of year	48,223	53,219	45,644	50,716

The exchange difference arose from the revaluation of the equity instruments which are owned by the following (US dollar) subsidiaries: Oando Exploration & Production Limited (OEPL) in Alliance Producing Ltd.

Classification of financial assets at fair value through profit or loss

The Group has classified the following financial assets at fair value through profit or loss (FVPL):

- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

28 **Investment in subsidiaries**

	Company 2019 N'000	Company 2018 N'000
Investment in subsidiaries (Cost)		
Oando Exploration and Production Limited	3,895,788	3,895,788
Oando Benin	3,997	3,997
Oando Trading Limited Bermuda	3,435,950	3,435,950
OML 112 & 117 Limited	6,538	6,538
Oando Terminal and Logistics Limited	2,500	2,500
UNITAB	20,400	-
Sierra Leone	4,399	-
Burkina Faso	6,070	-
Calabar Power	2,500	-
Oando Liberia Limited	6,538	6,538
OES Passion Limited	1,752	1,752
OES Professionalism Limited	10,000	10,000
Oando Resources Limited	2,500	2,500
Oando Trading DMCC	3,456,337	917,717
Oando Equator Holdings Limited	1,816	1,816
XRS 1 Limited	18	18
Oando E&P Holdings Limited	50,997,513	50,997,513
	61,854,616	59,282,627
Allowance for impairment	(35,216,195)	(7,350,029)
	26,638,421	51,932,598

	Company 2019 N'000	Company 2018 N'000
Movement in allowance for impairment of investments for the year is as detailed below:		
At start of the year	7,350,029	3,914,078
Impairment of investment	27,866,166	3,435,951
At end of year	35,216,195	7,350,029

29	Cash and bank balances (excluding bank overdrafts)	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
	Cash at bank and in hand	32,808,536	10,694,513	498,707	1,415,406
	Short term deposits	767,646	220,228	767,646	220,228
	Cash and cash equivalents (excluding bank overdrafts)	33,576,182	10,914,741	1,266,353	1,635,634
	Restricted cash	5,863,527	6,807,064	-	-
		39,439,709	17,721,805	1,266,353	1,635,634

The weighted average effective interest rate on short-term bank deposits at the year-end was 10.89% (2018: 4.5%). These deposits have an average maturity of 30 days. Management assessed that fair value of cash and short term deposits approximates their carrying amounts.

Restricted cash relates to cash collateral and is excluded from cash and cash equivalents for cash flows statement purposes.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss of N61.4 million was immaterial.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings under current liabilities. The year-end cash and cash equivalents comprise the following:

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
Cash at bank and in hand	33,576,182	10,914,741	1,266,353	1,635,634
Bank overdrafts (Note 33)	-	(294,197)	-	(294,197)
	33,576,182	10,620,544	1,266,353	1,341,437

Classification of cash and cash equivalents at amortised cost

The Group holds the cash and cash equivalents with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

Details of the Group's impairment policies and the calculation of the loss allowance are provided in Note 5.

30 Discontinued operations and disposal groups held for sale

Analysis of the result of assets and liabilities from the subsidiary classified as held for sale after re-measurement of assets from the disposal group is as follows:

Sale of OML 90

The Group (through Oando Akepo Limited and Exile Resources Nigeria Limited) signed a Term Sheet on 20 November, 2019 with Global Ansa Energy LLC for the sale of its 40% non-operated interests in OML 90 for a cash consideration \$4.5 million.

The Group had previously signed a Sale and Purchase agreement on 10 August, 2018 with Tate Akepo Oil and Gas Limited "TATE" for the sale of its 40% non-operated interests in OML 90 for a cash consideration \$5.0 million which has now been terminated in 2019. The transaction was unable to close due to Tate's inability to raise financing.

However, on 6 April 2020, the Group got a notice of revocation of the Akepo marginal Field from the Ministry of Petroleum Resources, as such, the asset is no longer classified as held for sale under IFRS 5 effective 31 December 2019.

Assets of disposal group classified as held for sale

	Group 2019 N'000	Group 2018 N'000
Property, plant and equipment	-	-
Total assets	-	-

Liabilities of disposal group classified as held for sale

Provision for other liabilities & charges (Note 34)	-	1,162,585
Total liabilities	-	1,162,585

31 Share capital and share premium

	Number of shares (thousands)	Ordinary shares N'000	Share premium N'000	Total N'000
At 31 December 2018	12,431,412	6,215,706	176,588,527	182,804,233
At 31 December 2019	12,431,412	6,215,706	176,588,527	182,804,233

Authorised share capital

The total authorised number of Ordinary Shares is thirty (30) billion (2018: 30 billion) with a par value of 50 Kobo per share. The increase in the authorised number of Ordinary Shares of fifteen (15) billion in 2018, which was approved by the Corporate Affairs Commission on 12 September 2018, is yet to be issued. All issued shares are fully paid.

32	Other reserves	Share based payment reserve ¹ N'000	Currency translation reserve ² N'000	Financial assets at fair value through profit or loss ³ N'000	Total N'000
	Group				
	At 1 January 2018	2,090,499	129,366,833	17,690	131,475,022
	Exchange difference on translation of foreign operations	-	10,430,782	-	10,430,782
	Exchange loss on net investment in foreign operations	-	(146,633)	-	(146,633)
	Change in ownership interests in subsidiaries that do not result in a loss of control	-	2,852,555	-	2,852,555
	Reclassification of share of OVH Energy BV's foreign currency translation reserve	-	5,268	-	5,268
	Share of associate's foreign currency translation reserve	-	5,631	-	5,631
	Reclassification of fair value gain on financial assets through profit or loss	-	-	(17,690)	(17,690)
	At 31 December 2018	2,090,499	142,514,436	-	144,604,935

	Other reserves	Share based payment reserve ¹ N'000	Currency translation reserve ² N'000	Total N'000
	Group			
	At 1 January 2019	2,090,499	142,514,436	144,604,935
	Exchange difference on translation of foreign operations	-	6,611,846	6,611,846
	Exchange gain on net investment in foreign operations	-	248,796	248,796
	Change in ownership interests in subsidiaries that do not result in a loss of control	-	(662,321)	(662,321)
	Reclassification of share of OWDL's foreign currency translation reserve	-	49,095	49,095
	Share of associate's foreign currency translation reserve	-	4,250	4,250
	At 31 December 2019	2,090,499	148,766,102	150,856,601

Company	2019 N'000	2018 N'000
	Financial assets at fair value through profit or loss reserve ³	
At 1 January	-	17,690
Reclassification of fair value gain on financial assets available for sale	-	(17,690)
At 31 December	-	-

Share based payment reserve⁽¹⁾

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Share based payment reserve is not available for distribution to shareholders.

Share options issued to employees and officers of OER as compensation for services received had different strike prices and vesting periods. As these options were accounted for as equity settled share based payments, a share based payment reserve had been created in OER's books until the time of vesting per the share option contract held with the employee.

As a result of the delisting from the TSX in 2016, all outstanding stock options became fully vested. All option holders with exercise price (converted to US\$ at close date) less than the offer price of US\$1.20 will get the difference in value between the converted exercise price and the offer price. These category of option holders are deemed to be in-the-money, a total payment of N619 million (\$1.7 million) was made in 2018 and no obligation as at December 31, 2019 (December 31, 2018- nil) is outstanding as all beneficiaries have been settled.

Currency translation reserve⁽²⁾

The translation reserve comprises all foreign currency difference arising from the translation of the financial statements of foreign operations, as well as intercompany balances arising from net investment in foreign operations.

Available for sale reserve⁽³⁾

Changes in the fair value and exchange differences arising on translation of investments that are classified as available-for-sale financial assets (e.g. equities), are now recognised in profit or loss in line with IFRS 9. In line with IFRS 10, items previously recognised in OCI have been transferred to retained earnings upon disposal of subsidiary.

33	Borrowings	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
	Borrowings are made up as follows:				
(a)	Non-current - Bank loans	130,635,428	76,848,651	-	69,856,667
(b)	Current				
	Bank overdraft	-	294,197	-	294,197
	Bank loans	231,531,048	133,758,470	106,199,440	39,097,837
		231,531,048	134,052,667	106,199,440	39,392,034
	Total borrowings	362,166,476	210,901,318	106,199,440	109,248,701

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(c) Non-current borrowings are analysed as follows:

Group	Loan type	Purpose	Tenure/ Interest rate	Loan Start Date	Security	Borrower/Lender	Available facility	2019 Balance	2018 Balance
							N'000	N'000	N'000
	Medium Term Loan	Restructuring of Short to Long Term Debt	5 years/15% p.a.	1 June 2016	Mortgage on assets of Oando PLC and some subsidiaries	Oando PLC/MTL lenders	108,320,834	92,242,114	87,320,834
	Term Loan	Medium term borrowing	5 years/8.5% + Libor p.a	11 October 2019		OOL/African Export-Import Bank	154,734,495	154,734,495	-
	Term Loan	Medium term borrowing/ Augmentation of Working capital	5 years/ 12.5%+Libor	29 September 2020		ORL/VITOL S.A	14,580,400	3,477,187	5,377,456
	Term Loan	Finance of aircraft purchase	7 years / 5.26% p.a.	19 November 2014	Security Assignment, Share Charge	XRS 11/INVESTEC BANK (MAURITIUS) LIMITED	9,252,111	3,102,665	3,140,939
							286,887,840	253,556,461	95,839,229
Less current portion							-	(122,921,033)	(18,990,578)
Total non-current borrowing (See a above)							286,887,840	130,635,428	76,848,651
							Available facility	Balance	Balance
Company							N'000	2019 N'000	2018 N'000
	Medium Term Loan	Restructuring of Short to Long Term Debt	5 years/15% p.a.	1 June 2016	Mortgage on assets of Oando PLC and some subsidiaries	Oando PLC/MTL lenders	108,320,834	92,242,114	87,320,834
Less current portion							-	(92,242,114)	(17,464,167)
Total non-current borrowing (See a above)							108,320,834	-	69,856,667

(d) Current borrowings are analysed as follows:

Loan type	Purpose	Tenure/ Interest rate		Security	Borrower/Lender	Balance	Balance
Group						2019 N'000	2018 N'000
Import finance facility	To purchase petroleum products for resale	30- 90days/1.5%- 2.5% + Libor p.a	13 December 2019	Sales proceeds of products financed	OTD/Mauritians Commercial Bank	13,579,707	-
Other loans			N/A			-	107,365
Corporate finance facility	Acquisition of the COP assets	6 years/9.5% + Libor p.a		Oando Legacy assets	OER/Corporate Facility Lenders	81,072,982	79,923,356
RBL 1 & 2*	Acquisition of COP assets	5 years/8.5% + Libor p.a	17 January 2014 22 October 2015 & 15 October 2019	COP Assets	OER/African Export-Import Bank	-	13,103,501
Bridge Facility	Working Capital Facility	3 years/15%	10 May 2018		Oando PLC/FCMB	338,206	7,995,541
Promissory Note	Term loan	4 years/1year libor+2%	30 June 2017		Oando PLC/ConocoPhillips	6,319,852	6,311,010
Term loan	Term loan	3 years/15%	N/A		Oando PLC/ZENITH BANK	-	107,736
RFF Loan	OWDL rental funding facility	nil	2 November 2016		Oando PLC/RMB Westport Wings and SB Wings Development Limited	7,299,268	7,219,383
Bank overdraft		30-90days		Corporate guarantee/secur ity deed	Oando PLC/FCMB	-	294,197
						108,610,015	115,062,089
Current portion of non-current borrowings						122,921,033	18,990,578
Total current borrowing (See b above)						231,531,048	134,052,667

*See details of the Afrexim loan in Note 38xvi

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Company Loan type	Purpose	Tenure/ Interest rate	Security	Borrower/Lender	2019 N'000	2018 N'000
Bridge Facility	Working Capital Facility	3 years/15%		Oando PLC/FCMB	338,206	7,995,541
Promissory Note	Term loan	4 years/1year libor+2%		Oando PLC/ConocoPhillips	6,319,852	6,311,010
Term loan	Term loan	3 years/15%		Oando PLC/ZENITH BANK	-	107,736
RFF Loan	Wings Funding	nil		Oando PLC/RMB Westport Wings and SB Wings Development Limited	7,299,268	7,219,383
Bank overdraft				Oando PLC/FCMB	-	294,197
Current portion of non-current borrowings					13,957,326	21,927,867
Total current borrowing (See c above)					92,242,114	17,464,167
					106,199,440	39,392,034
Weighted average effective interest rates at the year end were:					2019	2018
- Bank loans					15.0%	15.0%
- Import finance facility					3.9%	4.00%
- Other loans					10.9%	10.9%

Fair values are based on cash flows using a discount rate based upon the borrowing rate that directors expect would be available to the Group at the reporting date. Set out below is a comparison of the carrying amounts and fair values of the Company's borrowings that are carried in the financial statements.

Group	Carrying amounts		Fair values	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Bank loans	362,166,476	210,901,318	354,780,745	193,902,455
Company	Carrying amounts		Fair values	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Bank loans	106,199,440	109,248,701	114,972,107	99,878,270

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
Nigerian Naira	106,395,629	95,718,308	92,580,320	95,648,636
US Dollar	255,770,847	115,075,645	13,619,120	13,600,065
British Pounds	-	107,365	-	-
	362,166,476	210,901,318	106,199,440	109,248,701

34 Decommissioning provisions

Decommissioning provisions relate to oil and gas assets abandonment restoration obligation, asset restoration obligation and other liabilities as follows:

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
Oil and gas fields provision	106,183,774	56,717,572	-	-
Asset restoration obligation - Building	209,646	-	209,646	-
	106,393,420	56,717,572	209,646	-

During the year, certain balances of the comparative figure was reclassified to other payables (Note 35).

The oil and gas fields provision represent the present value of decommissioning cost relating to oil & gas assets. These provisions have been created based on internal estimates, and the estimates are reviewed regularly to take account of material changes to the assumptions.

The Group accounted for an increase in the decommissioning obligation as a corresponding increase in the value of the decommissioning asset under property, plant and equipment. IFRIC 1 requires that any increase in the decommissioning costs for assets measured under the revaluation model be recognised as a decrease in the revaluation surplus account. The key assumption upon which the carrying amount of the decommissioning obligation is based is a discount rates ranging from 10.21% to 12.89% (2018: 14.99% to 15.54%) and an inflation rate of 11.27% (2018: 12.38%). These obligations are expected to be settled over the next three to thirty-four years.

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	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
Movement during the year in provisions for decommissioning cost is as follows:				
At 1 January				
- Opening balance	56,717,572	54,880,692	-	-
- Held for sale	1,162,586	-	-	-
Additional provisions/(reduction) on decommissioning in the year				
- Oil and gas field	39,359,382	(6,296,520)	186,424	-
- Building	186,424	-	-	-
- Held for sale	-	(46,959)	-	-
Charged/(credited) to the statement of profit or loss				
- Unwinding of discount	8,824,701	8,735,739	23,222	-
- Exchange differences	142,755	607,206	-	-
Transfer to disposal group classified as held for sale (Note 30)	-	(1,162,586)	-	-
Balance at 31 December	106,393,420	56,717,572	209,646	-

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
Analysis of decommissioning provisions				
Non current	106,393,420	56,717,572	209,646	-

35 Trade and other payables

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
Trade payables - Products	243,701,727	187,261,757	38,399,924	41,643,249
Trade payables - Other vendors	7,801,078	6,762,660	-	-
Other payables	58,689,486	41,294,890	22,087,122	13,911,534
Statutory payables (WHT, VAT, PAYE etc.)	9,813,618	7,581,678	5,988,988	4,438,745
Accrued expenses	30,038,087	25,791,393	13,525,406	9,741,415
Amount due to related parties (Note 38xxvii)	-	-	131,753,138	115,470,535
	350,043,996	268,692,378	211,754,578	185,205,478

Certain trade creditor balances of the comparative figure have been reclassified between trade payables - products, other payables and accrued expenses for comparability purposes only.

During the year, certain balances of the comparative figure was reclassified from decommissioning provisions to other payables (Note 34) and from other payables to deposit for shares (Note 25).

The Group's other payables largely relates to royalties payable of N28.7 billion (2018:N26.5 billion), fees in respect of RBL refinancing of N2.6 billion (2018:nil), payable to OODP N4.7 billion (2018:N4.7 billion), interest payable on NAOC JV settlement funding agreement (SFA) of N3.3 billion (2018: N1.5 billion), payable to QPR N1.1 billion (2018:N1.1 billion), bid deposits received on the attempted sale of Alausa prior to 2017 which is yet to be fully refunded to the initial buyer of N217.4million (2018: N217.4 million) and OVH on PSF Liability and Tax Liability of N6.6 billion (2018:nil).

The Company's other payables largely relates to payables to vendors N3.8 billion (2018:N4 billion), payable to QPR N1.1 billion (2018:N1.1 billion), payable to OODP N4.7 billion (2018:N4.7 billion), OVH on PSF Liability and Tax Liability of N6.6 billion (2018:nil), bid deposits received on the attempted sale of Alausa prior to 2017 which is yet to be fully refunded to the initial buyer of N217.4million (2018: N217.4 million) and liability with regards to guarantees of N1.9bn (2018: nil).

Following the completion of a reconciliation exercise by Oando Oil Limited ("OOL") and Nigerian Agip Oil Company Limited ("NAOC") in 2017, partners in the OML 60-63 JV, OOL and NAOC executed a Settlement and Funding Agreement ("SFA") on 20 June 2018 for the purpose of: (1) defraying N29.0 billion and US\$24.8 million owed by OOL to NAOC, plus interests applicable under the SFA, by applying fifty percent (50%) of OOL's participating interest share of gas sales revenues arising from the Nigeria LNG Gas Sale Agreement ("NLNG GSA"); and (2) setting up a sustainable funding mechanism to support regular and timely payment of OOL's share of 2018 cash calls. On 23 April 2019, NAOC sent a notice of termination of the SFA in exercise of its unilateral rights under the SFA. OOL refuted the grounds of the termination. Following intervention of the NAOC JV Operating Committee ("OPCOM"), parties recognized that, as of 15 August 2019, OOL owed: (i) N21.3billion and US\$82.9million (inclusive of interests) to the NAOC JV; (ii) cash calls for the year of 2018 amounting to N2 billion and US\$56.8 million plus interest accrued thereon of N21.1 million and USD0.60 million from 1 July 2019 to 15 August 2019. NAOC and OOL agreed (via the OOL Arrears Settlement Agreement) that from July 2019, OOL shall fully and exclusively dedicate one hundred percent (100%) of its share of gas proceeds (net of royalties) deriving from the sale of one hundred percent of its share of gas in the NAOC JV sold to NLNG pursuant to the NLNG GSA ("NLNG Proceeds") in a dedicated escrow account for the sole purpose of defraying the OOL arrears plus interest until fully paid.

The parties further agreed that the NLNG Proceeds shall be net of royalties, but free from any liability, charges, pledges or encumbrances of any kind, including those connected with other applicable fiscal obligations, which will remain OOL's responsibility in accordance with the JOA and relevant applicable laws and agreements. The parties also agree that the amounts paid by OOL as its share of the 2017 Okpai Phase II costs ("Okpai Phase II Performances") shall be deducted by NAOC from OOL arrears, or refunded or applied as a credit towards OOL's 2022 cash calls in whole or in part (where during the period of the Agreement, a part or a whole of the Okpai Phase II Performances has been defrayed pursuant to the agreed payment mechanism above), as soon as OOL's interest in Okpai Phase II is assumed by or transferred in part or whole to either NAOC and/or NNPC or proportionately between NAOC and NNPC or transferred to any third party. NAOC shall advise OOL accordingly, following which OOL agrees not to share in any proceeds or benefits that may be derived from Okpai Phase II. The transfer of OOL's interest in Okpai Phase II in future shall be the last item to be defrayed with the NLNG proceeds.

Trade & other payables are non-interest bearing and are normally settled within one year. The carrying amounts of trade and other payables for 2019 and 2018 respectively approximate their fair values.

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Following the completion of another reconciliation by OOL and NAOC on 15 September 2017 and the JV Operations Committee approval of the 2018 performance and 2019 budget, OOL and NAOC agreed mutually acceptable terms and conditions for the payment of OOL's share of the cash calls issued pursuant to the approved 2019 – 2021 budgets including those arising from external funding projects for the period starting from 1 January 2019 – 31 December 2021. OOL had paid N13.7 billion and US\$7.9 million in relation to the 2019 cash calls between January – June 2019. OOL agreed with NAOC to settle the balance of the 2019 cash calls and 2020 – 2021 cash calls through all funds corresponding to fifty five percent (55%) of all OOL's proceeds from the sale of its participating interest of crude oil produced from the NAOC JV OMLs at Brass Terminal ("Crude Proceeds") starting from 12 September 2019 until 31 December 2021. The parties agreed that the Crude Proceeds shall be paid by OOL's off-takers into a dedicated escrow account pursuant to an escrow agreement. The parties also agreed that starting from 1 January 2022 until 31 December 2022, sixty percent (60%) of the Crude Proceeds shall be used to pay OOL's participating interest share of the year 2022 cash calls, whilst forty percent (40%) of the Crude Proceeds shall be used to offset any outstanding 2019 – 2021 cash calls. The parties further agree that upon receipt of the Consent Letter from NAOC, OOL shall irrevocably and unconditionally instruct its current and future off-takers (copying NAOC in each such instruction and acknowledged by the off-taker) to pay the Crude Proceeds from the execution date to 31 December 2023, directly into the agreed cash calls escrow account.

The irrevocable and unconditional instruction shall be rescinded: (i) when the escrow bank communicates in writing that the 2019 – 2021 cash calls have been fully paid, (ii) on 31 December 2023, or (iii) upon earlier termination of the OOL Cash Calls Funding Agreement in accordance with its terms. In the event that a balance remains unpaid after 31 December 2023, such balance will become immediately due and payable by OOL. Failure to pay the balance shall result in OOL becoming a defaulting party under the JOA. Any overpayment by OOL in any of the years 2019 – 2021, subject to review and approval of OPCOM, shall be applied as a credit against OOL's share of the 2022 cash calls until full recovery of the overpayment. The parties also agreed that the Crude Proceeds shall be free from any liability, charges, pledges or encumbrances of any kind, including those connected with other applicable fiscal obligations, which will remain OOL's responsibility in accordance with the JOA and relevant applicable laws and agreements.

36	Dividend payable	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
	Unpaid dividend	1,650,277	1,650,277	1,650,277	1,650,277

37 Supplementary cash flows information

(a) Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations:

	Group 2019 N'000	Group 2018 N'000	Company 2019 N'000	Company 2018 N'000
(Loss)/profit before income tax	(377,414,971)	11,188,120	(62,090,219)	(17,695,310)
Adjustment for:				
Interest income (Note 12)	(8,972,892)	(10,265,496)	(1,784,166)	(1,819,411)
Interest expenses (Note 12)	40,735,782	33,970,880	21,169,051	17,582,406
Depreciation (Note 10b,15)	28,196,236	20,533,171	319,138	301,598
Depreciation to right-of-use asset (Note 46ci)	3,810,697	-	3,088,661	-
Amortisation of intangible assets (Note 10b)	55,776	-	55,776	-
Impairment of intangible assets (Note 10c, 16)	169,107,318	5,977,191	-	-
Reversal of impairment on Glover loan note receivables	(6,424,576)	-	(6,424,576)	-
(Reversal of impairment)/impairment allowance on non-current receivables (Note 22b)	(5,638,276)	252,805	24,109	252,805
Impairment allowance/(reversal of impairment) on current receivables (Note 24)	159,159,044	(13,405,328)	(315,373)	(10,463,920)
Impairment allowance/(reversal of impairment) on finance lease (Note 21ii)	474,434	(2,991)	117,377	-
Impairment allowance on investment (Note 28)	-	-	27,866,166	3,435,950
Share of loss of associates (Note 18)	1,821,974	372,369	-	-
Loss on deemed disposal of associates (Note 18)	(201,578)	748,544	-	-
Derecognition of the carrying value of investment in associate following the disposal of 25% interest in Glover BV (Note 18)	4,154,382	-	-	-
Loss on sale of property, plant and equipment (Note 10a)	-	446,537	-	15,613
Unwinding of discount on provisions (Note 34)	8,824,701	8,735,739	23,223	-
Premium paid on hedges	(7,323,243)	-	-	-
Net foreign exchange loss/(gain)	1,431,721	843,078	(21,345)	23,570
Fair value loss/(gain) on commodity options (Note 20)	2,465,189	(1,099,877)	-	-
Fair value gain on valuation of investment properties (Note 17)	(1,768,350)	-	(1,768,350)	-
Fair value loss on convertible loans (Note 27a)	11,106,340	1,378,754	11,106,340	1,378,754
Fair value loss on financial assets at fair value through profit or loss (Note 27b)	5,072	9,179	5,072	9,179
Changes in working capital				
Receivables and prepayments (current)	(190,727,728)	11,323,918	(6,448,828)	(19,918,044)
Inventories	3,854,530	(25,783,498)	3,936,192	(26,514,991)
Payables and accrued expenses	65,828,919	70,114,223	12,751,540	62,857,838
	(97,439,499)	115,337,318	1,609,788	9,446,037

(b) Changes in liabilities arising from financing activities
GROUP

	1-Jan-19	Cash flows - proceeds	Cash flows - payment	Foreign exchange movement	Other	31-Dec-19
2019	N'000	N'000	N'000	N'000	N'000	N'000
Current interest bearing loans and borrowings	133,758,469	39,186,536	(17,492,181)	(533,909)	76,612,133	231,531,047
Bank overdraft	294,197	-	(294,197)	-	-	-
Non-current interest bearing loans and borrowings	76,848,651	129,160,737	(803,167)	2,262	(74,573,055)	130,635,428
Current interest bearing lease liabilities	11,415,530	-	(4,765,827)	26,590	(3,331,561)	3,344,733
Non-current interest bearing lease liabilities	22,621,653	-	-	(29,976)	(2,974,282)	19,617,395
Dividends payable	1,650,277	-	-	-	-	1,650,277
Total liabilities from financing activities	246,588,777	168,347,273	(23,355,372)	(535,033)	(4,266,765)	386,778,880

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	1-Jan-18	Cash flows - proceeds	Cash flows - payment	Foreign exchange movement	Other	31-Dec-18
	N'000	N'000	N'000	N'000	N'000	N'000
2018						
Current interest bearing loans and borrowings	137,854,340	17,900,337	(43,333,273)	1,333,434	20,003,631	133,758,469
Bank overdraft	-	294,197	-	-	-	294,197
Non-current interest bearing loans and borrowings	99,587,920	-	(5,683,766)	120,383	(17,175,886)	76,848,651
Dividends payable	1,650,277	-	-	-	-	1,650,277
Total liabilities from financing activities	239,092,537	18,194,534	(49,017,039)	1,453,817	2,827,745	212,551,594

COMPANY

	1-Jan-19	Cash flows - proceeds	Cash flows - payment	Foreign exchange movement	Other	31-Dec-19
	N'000	N'000	N'000	N'000	N'000	N'000
2019						
Current interest bearing loans and borrowings	39,097,837	-	(2,843,790)	19,487	69,925,906	106,199,440
Bank overdraft	294,197	-	(294,197)	-	-	-
Non-current interest bearing loans and borrowings	69,856,667	-	-	-	(69,856,667)	-
Current interest bearing lease liabilities	13,363,751	-	(7,618,855)	47,642	1,426,833	7,219,371
Non-current interest bearing lease liabilities	29,546,625	-	-	(59,912)	(6,818,617)	22,668,097
Dividends payable	1,650,277	-	-	-	-	1,650,277
Total liabilities from financing activities	153,809,354	-	(10,756,842)	7,217	(5,322,545)	137,737,185

	1-Jan-18	Cash flows - proceeds	Cash flows - payment	Foreign exchange movement	Other	31-Dec-18
	N'000	N'000	N'000	N'000	N'000	N'000
2018						
Current interest bearing loans and borrowings	17,239,887	3,318,633	-	123,445	18,415,872	39,097,837
Bank overdraft	-	294,197	-	-	-	294,197
Non-current interest bearing loans and borrowings	87,320,834	-	-	-	(17,464,167)	69,856,667
Dividends payable	1,650,277	-	-	-	-	1,650,277
Total liabilities from financing activities	106,210,998	3,612,830	-	123,445	951,705	110,898,978

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings to current due to the passage of time and amortization of transaction costs.

38 Related party transactions

Ocean and Oil Development Partners Limited (OODP) has the shareholding of 57.37% in Oando PLC at 31 December 2019 (2018: 57.37%). The remaining 42.63% shares are widely held. OODP is ultimately owned 40% by Mr. Gabriele Volpi, 40% by the Group Chief Executive and 20% by the Deputy Group Chief Executive of the Company.

The following transactions existed between Oando PLC (the "Company") and related parties during the year under review:

- (i) Shareholder Agreements dated July 24, 2012 between Oando PLC and Oando Netherlands Holding 2 BV (Holdco 2) in respect of Oando Akepo Limited (Oando Akepo); Oando PLC and Oando Netherlands Holding 3 BV (Holdco 3) in respect of Oando Petroleum Development Company Limited ("OPDC2") (which owns 95% of the shares of OPDC); Oando PLC and Oando OML 125 & 134 BVI in respect of Oando OML 125&134. Shareholder agreements dated April 30, 2013 between Oando PLC and Oando Netherlands Holding 4 BV (Holdco 4) and Oando Netherlands Holding 5 BV (Holdco 5) in respect of Oando Qua Ibo Limited (OQIL) and Oando reservoir and Production Services Limited (ORPSL), respectively. Shareholder agreements dated July 31, 2014 between Oando PLC and Oando OPL 214 Holding BV (Holdco 214), Oando OML 131 Holding BV (Holdco 131), Phillips Deepwater Exploration Nigeria Limited (PDENL – name subsequently changed to Oando Deepwater Exploration Limited), and Conoco Exploration and Production Nigeria Limited (CEPNL – name subsequently changed to Oando 131 Limited), respectively. Oando PLC owns Class A shares and each of Holdco 2, Holdco 3, Oando OML 125&134 BVI, Holdco 4, Holdco 5, Holdco 214, and Holdco 131 (together the "Holdco Associates") owns Class B shares, in each of Oando Akepo, OPDC2, Oando OML 125&134, OQIL, ORPSL, POCNL, PDENL, and CEPNL (the "Operating Associates"), respectively. Ownership of the Class A shares by Oando PLC provides it with 60% voting rights but no rights to receive dividends or distributions from the applicable Operating Associate, except on liquidation or winding up. Ownership of the Class B shares entitles the Holdco Associates (each an indirectly wholly-owned subsidiary of the Corporation) to 40% voting rights and 100% dividends and distributions, except on liquidation or winding up. Pursuant to each of these agreements, Oando PLC, on the one hand, and the respective Holdco Associates, on the other hand, agreed to exercise their respective ownership rights in accordance with the manner set forth in the shareholder agreements.

Pursuant to the shareholder agreements, each of Oando PLC and the respective Holdco Associate is entitled to appoint two directors to the board of Oando Akepo, OPDC2, Oando OML 125&134, OQIL, ORPSL, POCNL, PDENL, and CEPNL respectively, with the Holdco Associate being entitled to appoint the Chairman, who has a casting vote. In addition, the applicable Holdco Associate has the power to compel Oando PLC to sell its Class A shares for nominal consideration. The shareholder agreements in respect of most of the Operating Associates are filed on www.sedar.com under "Oando Energy Resources Inc.". No amounts have been paid or are due to be paid by either party to the other under the shareholder agreements. During the period, the Corporation didn't incur any amounts under this agreement (2018 - Nil).

- (ii) Right of First Offer Agreement ("ROFO Agreement") dated September 27, 2011, as amended, between Oando PLC and OER. Pursuant to the ROFO Agreement, OER has the right to make an offer to Oando PLC in respect of certain assets owned by Oando PLC in accordance with the terms of the ROFO Agreement. No amounts have been paid or are due to be paid under the ROFO Agreement. On September 27, 2013, the ROFO agreement between OER and Oando PLC was amended. The amendment terminates the ROFO agreement on the first date on which Oando PLC no longer holds, directly or indirectly, at least 20% of the issued and outstanding common shares of OER. Prior to the amendment, the right of first offer in the ROFO would have terminated on September 27, 2013. OER has no amounts due to Oando PLC under this agreement (2018 - Nil). During the year, OER didn't incur any amounts under this agreement (2018 - Nil).

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- (iii) Referral and Non-Competition Agreement dated July 24, 2012 between Oando PLC and OER. Pursuant to this agreement, Oando PLC is prohibited from competing with OER except in respect of the assets referred to in the ROFO Agreement until the later of July 25, 2014 and such time as Oando PLC owns less than 20% of the shares of OER. Oando PLC is also required to refer all upstream oil and gas opportunities to OER pursuant to this agreement. In addition, in the event that Oando PLC acquired any upstream assets between September 27, 2011 and July 24, 2012, Oando PLC is required to offer to sell these assets to OER at a purchase price consisting of the amount paid by Oando PLC for the assets, together with all expenses incurred by Oando PLC to the date of the acquisition by OER, plus an administrative fee of 1.75%. OER has no amounts due to Oando PLC under this agreement in respect of the COP acquisition (2018 – Nil).
- (iv) Cooperation and Services Agreement dated July 24, 2012 between Oando PLC and OER. Pursuant to this agreement, Oando PLC agreed, until the later of July 24, 2017 and such time as Oando PLC owns less than 20% of the shares of OER, to provide certain services to OER, including in respect of legal services in Nigeria, corporate secretariat and compliance services in Nigeria, corporate finance, procurement, corporate communications, internal audit and control, information technology, human capital management, environment, health, safety, security and quality and administrative services. These services are to be provided to OER on the basis of the cost to Oando PLC plus a margin of 10%. The independent directors of OER are entitled to approve all such cost allocations. At any time, OER may elect to terminate any of the services under the agreement provided such notice is effective only on December 31 or June 30 of any year and such notice has been given at least 60 days in advance. Once terminated, Oando PLC shall have no further obligation to make available the services as have been so terminated and equitable adjustments shall be made as to the cost for the remaining services, if any, that are continued to be supplied by Oando PLC to OER under the agreement. During the period, OER incurred \$27.7 million under this agreement (2018 – \$28.8 million).
- (v) Pursuant to the completion of the Oando reorganization in July 2012, the cumulative amount advanced by Oando PLC to Equator Exploration Limited (“EEL”), subsidiary of OER of N1.1billion (US\$7.2 million) as of 21 December 2012 was classified as loan payable in EEL’s books and loan receivable in Oando PLC’s books. The carrying amount of the loan using effective interest method was N1.3billion at 31 December 2012. The amount increased to N2.4 billion at 31 December 2015 (2014: N2.0 billion) due to accrued interest. During 2016, the Company impaired the receivable and accrued interest of N2.7 billion. In 2019, the Company accrued an interest of N429 million (2018: N429 million; 2017: N368 million) and impaired the receivable (interest inclusive) in line with IFRS 9. The impairment was reversed on consolidation. In addition, the receivables and payables in the books of the Company and EEL respectively have been eliminated on consolidation.
- (vi) The Company signed an amendment to the operating lease agreement with a subsidiary, XRS II Ltd in 2015. The Company, the lessee in the agreement, agreed to lease the Bombardier XRS aircraft owned by XRS II Ltd, the lessor, for a period of earlier of eighty-four months from the execution date and date of termination of the agreement. The Agreement shall terminate in the following circumstances i) the termination of the Aircraft Facility Agreement by the Lender (Investec Bank (Mauritius) Limited) ii) mutual consent of Oando PLC and XRS II provided consent has been sought from the Lender, iii) upon notice from the Lender than an event of default has occurred and is continuing under the Aircraft Facility Agreement and iv) at any time after the end of the Availability Period (as defined in the Aircraft Facility Agreement).

XRS II Ltd recognized income of N4 billion (\$11.1 million) which arose from the agreement in 2019 (2018: N3.9 billion, \$10.7 million) and received payments amounting to N3.1 billion (\$8.5 million) during the year. In addition, the outstanding loan amount from XRS II to the Company was N3.3 billion (2018: N3.3 billion). The net receivables in the books of the Company at year-end was N2.7 billion (\$8.1 million) (2018: N2.9 billion; \$8 million) and this amount was fully impaired. The income, impairment and loan have been eliminated on consolidation.

- (vii) Debt Assumption deed dated November 1, 2016 between Oando PLC (the Borrower) and Oando Wings Development Limited (the Lessor), Oando PLC has leased certain premises (the entire Eastern tower of the Wings Complex comprising 13,597 sqm of lettable office space at \$61.50/sqm (2018: \$82.71/sqm) and 345 parking bays at \$150/bay (2018: \$217.65/bay) located on 17a Ozumba Mbadiwe Avenue, Victoria Island, Lagos State, Nigeria) from Oando Wings Development Limited under the terms of a lease agreement dated 20 August 2012, as amended. In order to meet rental payment obligations to the landlord, Oando PLC entered into a Rental Funding Facilities Agreement (comprising of US\$10.725 Facility A and US\$9.775 Facilities B) with RMB Westport Wings Limited and SB Wings Development Limited (the “Lenders”). The loans under each Facility shall not bear any interest. However, the agreement provides that, on each Facility A Profit Share Date, the Lenders shall subscribe for, and the Lessor shall issue, that number of ordinary shares in the share capital of the Lessor to the Lenders (in their Pro Rata Share of Facility A) as required to give effect to the reduced shareholding percentage of the Borrower in the Lessor for the relevant Facility A and B Profit Share Period as contained in the Agreement. Oando PLC had drawn down the full loan amount of N7.3billion (US\$20.02 million) under the Rental Funding Facilities Agreement and has not made any repayment as of the reporting date.

Following from the above, on 8 June 2018, OWDL issued 536,481 shares each to RMB Westport Wings Limited and SB Wings Development Limited thereby diluting Oando PLC’s interest to 23.3% from 25.8%. Oando PLC ought to have been diluted to 20.79% as of 31 December 2018, had OWDL followed the reduced shareholding percentage of the Borrower described above. The effect of the dilution to 23.3% was accounted for in the 31 December 2018 consolidated financial statements.

On 5 December 2019, OWDL further issued 1,095,910 shares each to RMB Westport Wings Limited and SB Wings Development Limited thereby diluting Oando PLC’s interest to 19.45%. Oando PLC ought to have been diluted to 18.78% as of 31 December 2019, had OWDL followed the reduced shareholding percentage of the Borrower described above. The effect of the dilution to 19.45% has no effect on the 31 December 2019 consolidated financial statements as the carrying value of OWDL is nil based on recurring losses from the associate.

On 24 December 2019, Wings Mauritius Limited acquired 100% shares of RMB Westport Wings. However, registration of the shares was not completed with Corporate Affairs Commission, Nigeria as at end of 2019.

- (viii) An IT Transitional Services Agreement dated 19th May 2017 between Oando PLC and Oando Gas & Power Limited “OGP”- a member of Glover BV with an addendum dated 21st January 2019 extending the service till 31st December 2019. Pursuant to this agreement, the parties agreed that Oando PLC would provide certain agreed information technology (“IT”) services (Oracle license support, Microsoft Premier support, data center lease etc.) to OGP. Oando PLC is to provide these services to OGP under this agreement at the agreed rates. Also, a service agreement between Oando PLC and OGP was signed on 1st January 2017 for a duration of 3 years (expiring 31st December 2019) for the provision of certain services (facility management, mailroom/courier services, guest house & hotel booking services etc.) to OGP. Furthermore, an HCM services agreement whose effective period was 1 January 2019 – 31 March 2019, was signed to provide payroll services to OGP.

During the year, the Company charged a total of N116.8 million under these agreements to OGP (2018: N128.1 million). In addition, the receivables outstanding under these agreements of N43 million as at 31st December 2019 (2018: N1.36 billion), has been fully impaired.

Oando PLC acquired Glover BV (30%) on 31 December 2016 by virtue of the Consideration Shares received for the sale of targeted companies in the gas & power segments of the Group. The fair value of the interest received of N2.34 billion was taken as the carrying value of the associate.

The Group’s interest reduced from 30% to 25% in Glover BV effective 31 January 2017 following the acquisition of 5% interest in Glover BV by Helios. On 29 March 2019, the Group through Oando Netherlands Cooperatief 3 (“Coop 3”) sold the remaining 25% interest in Glover B.V. (an associate of the Group) and the loan note receivable from Glover B.V to HIP Glover S.a.r.l (“Luxco”) for a total consideration of \$41.5 million. The sale and deemed disposal have been accounted for in these audited consolidated and separate financial statements (Note 22b).

Oando PLC
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Notes to the consolidated and separate financial statements
For the year ended 31 December 2019

- (ix) Oando PLC and OVH Energy Marketing Limited entered into an IT Transitional Services Agreement dated 30 June 2016, amended on 1 January 2018 and 1 January 2019. Oando PLC under this agreement agreed to provide certain IT services (Oracle license support, Microsoft premier support, data center lease etc.) at an agreed rate until termination on 31 December 2019. Also, a Service Agreement between Oando PLC and OVH Energy Marketing Limited was signed on 1 January 2019 with an expiration date of 31 December 2019 for the provision of certain services (lodging and other ancillary services) to OVH Energy Marketing Limited's employees and guests from time to time in Oando PLC's Abuja guest house. During the year, the Company charged N461.6 million (2018: N470.8 million) under these agreements.
- (x) A Settlement Deed was signed between Oando PLC ("Oando"), Oando Netherlands Holdings 2 Cooperatief U.A. ("Oando Co-Op"), HV Investment II B.V. ("HV Shareholder") and OVH Energy B.V. ("OVH") on 29 November 2019 which stipulates the settlement in relation to certain Oando's and Oando Co-Op's outstanding obligations under Project Copper Transaction Documents ("the SHA, the SPA, the Tax Deed and the Products Supply Framework Agreement"). Under the signed Deed, Oando shall pay
- a) by no later than 31 December 2019, GHc 2,843,659.80 to the Ghana Revenue Authority in relation to outstanding tax assessments
 - b) by no later than 31 January 2020, NGN 1,320,000,000 to OVH
 - c) by no later than 30 April 2020, NGN 1,320,000,000 to OVH
 - d) by no later than 30 June 2020, NGN 1,360,000,000 to OVH
 - e) by no later than 30 June 2020, NGN 1,050,000,000 to OVH
- Oando has completed payments to OVH in 2021. Consequently, Co-Op has transferred the Oando OVH shares to HV Shareholder with Full Title Guarantee and free from all encumbrances to for a consideration of \$1. As such OVH has ceased to be an investment to the Group.
- (xi) Pursuant to the Deed of Transfer of intercompany receivables between Oando Servco Nigeria (Transferor), Oando Trading DMCC (Debtor) and Oando PLC (Transferee), part of the Transferor's existing intercompany non-trade receivables of \$4 million due from the Debtor as of 28 September 2018 was transferred to the Transferee for a consideration of \$4 million on 31 December 2018. The Transferee subsequently transferred a sum of \$7 million to the Debtor as deposit for shares. Upon DMCC authorities in the UAE granting approval to Oando Trading DMCC on 16 September 2019, Oando Trading DMCC moved the amount of N2.5 billion (US\$7million), which was recognized as deposit for shares to share capital in 2019, while the Transferee responded by moving the same amount to investment in Oando Trading DMCC.
- (xii) The Company signed a Master Sale and Purchase Agreement ("MSPA") with Oando Trading DMCC ("OTD") dated 8 November 2018. The MSPA was renewed on 2 October 2019. The Company and CEPESA were jointly awarded a contract dated 1 October 2019 by the Nigerian National Petroleum Corporation (NNPC) for the Direct Sale and Direct Purchase of petroleum products for 2019/2020. The DSDP contract entails the Company and CEPESA lifting crude from NNPC in exchange for the equivalent value of refined petroleum products. The Company and CEPESA also entered into a Joint Operating Agreement ("JOA") to perform their obligations under the DSDP contract. Pursuant to the MSPA, OTD bought crude oil lifted by the Company under the JOA, sourced purchases and supplied the equivalent value of petroleum products to the Company for agreed consideration amounts.
- Specifically, during the year, the Company sold crude oil worth N340.9 billion (2018: N334.3 billion) to OTD and purchased refined petroleum products worth N72.5 billion (2018: N137.3 billion). In addition to the trade contracts, Oando PLC and OTD engaged in other non-trade transactions including assistance to make payment for travel cost, payroll expenses, medical cost, etc. on behalf of each other. The non-trade transactions amounted to N156.8 million in 2019 (2018: N67.2 million) on a net-off basis. The intercompany receivables have been impaired in the respective companies as appropriate in line with the provisions of IFRS 9. The resulting sales, purchases, profits, impairments and any unrealized profit in inventory have been eliminated on consolidation.
- (xiii) Consultancy agreement dated 1 January 2018 (with an expiration date of 31 December 2018) and 1 January 2019 (with an expiration date of 31 December 2019) between Oando PLC and OTD. Pursuant to this agreement, OTD provided services to Oando PLC in support of the DSDP and JOA for a consideration of \$0.5 million. Accordingly, the Company incurred consultancy expenses of \$0.5 million (2018: \$0.5 million) during the year. The revenue and expenses have been eliminated this transaction on consolidation.
- (xiv) The Company and OER donated N180 million (2018: N153.99 million) and N25 million (2018: N47.51 million) to Oando Foundation (a member of the Group) respectively. The expense and income in the books of Oando PLC and OER on one hand and Oando Foundation on the other hand have been eliminated on consolidation.
- (xv) Oando Servco Nigeria Limited provided payment assistance on shared services costs and vendor related costs to Oando PLC amounting to \$38.6 million (2018: \$15.1 million) during the year. The receivable from Oando PLC has been impaired in the book of Oando Servco Nigeria Limited and both the impairment and receivables have been eliminated on consolidation.
- (xvi) During 2019, OER repaid US\$36.1 million, thereby reducing the exposure on the original RBL facility to US\$409,276.03. The outstanding amount of US\$409,276.03 has now become the new credit facility with AFREXIM as the lender under a new facility agreement named the "RBL 1 Facility Agreement". On 11 October 2019, OOL, OER, Oando OML 60, 61, 62 & 63 Holding B.V., Oando Holdco Limited, Oando OML 60, 61, 62 & 63 Limited, Oando Netherlands Holdings 1 Cooperatief U.A., Oando Servco Netherlands B.V and Oando Servco Nigeria Limited together referred to as the Transaction Parties, signed a Deed of Amendment, Retirement and Appointment in relation to a Senior Secured Facility Agreement dated 31 July 2014 and as amended from time to time, including on 20 October 2015 with Standard Chartered Bank and Standard Chartered Bank Nigeria Limited and AFREXIM (RBL 1 Facility Agreement). All the parties agreed to waive the requirement for the resignation of the Facility Agent, Security Agent, Offshore Account Bank, and Local Account Bank under the RBL1, and agree to the appointment of new Security Agent, Offshore Account Bank, and Local Account Bank pursuant to this Deed of Amendment. In addition, each Transaction Party, without prejudice to any other mode of service allowed under any relevant law, (other than a Transaction Party incorporated in England and Wales): (1) irrevocably appoints Oando Logistics and Services Limited as its agent for service of process in relation to any proceedings before the English courts in connection with any dispute and will immediately appoint a new agent for service of process on terms satisfactory to the New Facility Agent (acting reasonably) if the above agent resigns or otherwise ceases to be the agent for service of process in connection with any dispute or ceases to maintain a registered office in England; and (2) agrees that failure by a process agent to notify the relevant Transaction Party of the process will not invalidate the proceedings concerned.
- On 11 October 2019, Oando Oil Limited ("OOL"/"the Original Obligor"/"the Borrower") signed a Senior Secured Facility Agreement (the "Agreement") with AFRICAN EXPORT-IMPORT BANK ("AFREXIM"/"Mandated Lead Arranger"/"Facility Agent"/"Security Agent"). AFREXIM is a multilateral financial institution created pursuant to the agreement for the establishment of the African Export – Import Bank and having its headquarters at 72(B) El Maahad El Eshteraky Street-Heliopolis, Cairo 11341, Egypt. Under the Agreement, OOL borrowed a sum of US\$424,590,723.97 from AFREXIM at the aggregate of the applicable Margin (8.5% per annum) and LIBOR. The borrowed amount and interest thereon is repayable over a tenor of five years. The last repayment date was agreed as final maturity date, which means the earlier of (i) the Reserve Tail Date; and (ii) 31 December 2024. The Borrower agreed with AFREXIM to use the proceed of the loan for: (1) payment of any fees, costs and other expenses due under the Finance Documents; (2) in an amount agreed from time to time with AFREXIM, a partial repayment (on behalf of OER, if so requested by OER and agreed by the Borrower) of amounts outstanding under the Corporate Facility Agreement; and (3) its lawful general corporate purposes (other than repayment of any amount outstanding under the RBL 1 Facility Agreement or the Corporate Facility Agreement).

The following Oando entities are obligors to the transaction: (a) Oando Energy Resources Inc. ("OER"), the owner of the 100% interest in OOL, acting as Original Guarantor; (b) Oando Oil Limited; (c) Oando OML 60, 61, 62 & 63 Holding B.V., a Netherlands registered company and a subsidiary of OER acting as SPV and Original Guarantor; and (d) Oando Holdco Limited, another subsidiary of OER acting as Hedging Obligor and Original Guarantor. The Agreement further provides that no Obligor may assign any of its rights or transfer any of its rights or obligations under the transaction. Rather, subject to compliance agreement with AFREXIM, OOL may request that any relevant affiliate becomes an additional guarantor, subject to the satisfaction of the Lender. A relevant affiliate means to the extent that it is not already an Obligor, any wholly owned subsidiary of an Obligor or any wholly-owned subsidiary of a holding company of an Obligor. Furthermore, the Borrower may request that a Guarantor (other than OER or a member of the SPV Group) ceases to be a Guarantor by delivering to the Facility Agent a resignation letter. The Obligors agree with AFREXIM that they shall procure that Oando shall ensure that, at all times, 100% of its issued and outstanding common shares remain listed on each of: (a) the Nigerian Stock Exchange; and (b) the Johannesburg Stock Exchange.

The obligors and AFREXIM agreed the following as security for the borrowing:

1. a composite security deed (Nigerian law) dated on or about the date of this Agreement between OOL and the Security Agent in respect of OOL's rights and interest in providing for: a conditional fixed charge over the Oil Mining Leases, the Joint Operating Agreement and the Participation Agreement; a security assignment of any loans made to, or by, OOL in respect of any other member of the OER Group; and a security assignment of collateral warranties with trade contractors or professionals relating to the assets of OOL; a fixed charge over the Agreed Insurances in respect of which OOL is named as an insured party (and not otherwise assigned under #17 below) and any insurance proceeds received by OOL in respect of the Agip Nigeria Joint Venture (including proceeds received from the Agreed Insurances taken out by the operator under the JOA Agreement in the Nigerian insurance market); a fixed charge over OOL's interests in each other Material Document to which OOL is a party; and a floating charge over all other assets and undertaking of OOL.
2. Deed of security assignment (English law) dated on or about the date of this Agreement between the Borrower and the Security Agent in relation to the Crude Oil Sale and Purchase Agreement(s).
3. Deed of security assignment (English law) dated on or about the date of this Agreement between SPV, the Nigerian Shareholder and the Security Agent in respect of SPV's and the Nigerian Shareholder's rights under certain agreements to which they are a party.
4. Deed of charge over Accounts (English law) dated on or about the date of this Agreement between the Borrower and the Security Agent in respect of the Borrower's rights and interest in the facility accounts maintained with AFREXIM.
5. Account charge (Nigerian law) dated on or about the date of this Agreement between the Borrower, the local account bank and the Security Agent in respect of the local proceeds account.
6. Deed of share charge (Nigerian law) dated on or about the date of this Agreement between SPV and the Security Agent over their "Class B Shares" (as defined in the Shareholders Agreement) held in the Borrower.
7. Deed of share charge (Nigerian law) dated on or about the date of this Agreement between the Nigerian Shareholder and the Security Agent over their "Class A Shares" (as defined in the Shareholders Agreement) held in the Borrower.
8. Deed of Security assignment (Nigerian law) dated on or about the date of this Agreement between SPV, the Nigerian Shareholder and the Security Agent in respect of SPV's and the Nigerian Shareholder's rights under the Shareholders Agreement.
9. Charge over Accounts (English law) dated on or about the date of this Agreement between SPV, AFREXIM and the Security Agent in respect of bank accounts held by SPV.
10. Security agreement (Dutch law) dated on or about the date of this Agreement between SPV and the Security Agent over all of the receivables of SPV not otherwise charged or pledged under #3 and 8 above.
11. Deed of share charge (Nigerian law) dated on or about the date of this Agreement between Oando Servco Netherlands B.V. and the Security Agent over the shares held in Oando Servco Nigeria Limited.
12. Security assignment (English law) dated on or about the date of this Agreement between the Hedging Obligor and the Security Agent in respect of the Hedging Obligor's rights under each Secured Hedging Agreement.
13. Deed of charge over shares (English law) dated on or about the date of this Agreement between the Borrower and the Security Agent in respect of the shares in the Hedging Obligor.
14. Debenture (English law) dated on or about the date of this Agreement between the Hedging Obligor and the Security Agent incorporating a fixed charge over the Hedging Account and a floating charge over all other assets of the Hedging Obligor not otherwise assigned under #12 above.
15. Deed of share charge (Nigerian law) dated on or about the date of this Agreement between SPV, Ms Ayotola Jagun and the Security Agent in respect of the shares in relation to the shares in the Nigerian Shareholder.
16. Security assignment (English law) dated on or about the date of this Agreement between Oando Servco Nigeria Limited and the Security Agent in respect of Oando Servco Nigeria Limited's rights under the Services Agreement.
17. Deed of security assignment (English law) dated on or about the date of this Agreement between the Borrower and the Security Agent in respect of the Agreed Insurances and in respect of which the Borrower is named as an insured party.
18. Deed of security assignment (English law) dated on or about the date of this Agreement between the Borrower and the Security Agent in respect of the Borrower's rights under the intercompany loan agreement between the borrower and OER dated 9 October 2015.

The Agreement (under article 18) provides that AFREXIM would transfer the proceeds of the borrowing to OOL's account upon receipt of evidence that each of the appendices to the Settlement Deed (dated 29 August 2019) have been issued or filed (as applicable), in each case in form and substance satisfactory to it. The Agreement defines the parties to the Settlement Deed as follows: (a) Whitmore Asset Management Limited ("Whitmore"); (b) Ocean and Oil Development Partners Ltd BVI ("OODP BVI"); (c) Ansbury Investments Inc ("Ansbury"); and (d) Ocean and Oil Development Partners Nigeria Ltd. ("OODP Nigeria"). Whitmore is jointly owned by the Group Chief Executive (Mr. Adewale Tinubu) and Deputy Group Chief Executive (Mr. Omamofe Boyo) of Oando PLC. Ansbury is owned by Mr. Gabrielle Volpi. Whitmore and Ansbury own OODP BVI. OODP BVI owns OODP Nigeria. OODP Nigeria is the majority shareholder of Oando PLC.

At about the same time as the AFREXIM Agreement, Ansbury, Whitmore, OOL and AFREXIM signed the Account Agreement. The Account Agreement under article 2.2, provides that receipt of the Settlement Amount into Ansbury's bank account shall be deemed to be receipt of the sum due to Ansbury at First Closing to discharge Whitmore's obligation pursuant to clause 2.2(i) of the Settlement Deed. The Settlement Amount is stated as US\$400,000,000.00 (out of the US\$425,424,590,723.97 amount disbursed by AFREXIM). OOL paid US\$225,000,000.00 and US\$175,000,000.00 to Ansbury on 18th October 2019 and 22nd October 2019 respectively as "payment under the Settlement Deed executed on August 29, 2019" in partial discharge of Whitmore's obligation to settle Ansbury to the tune of \$550 million as provided for in the Settlement Deed. The total amount borrowed of \$425 million (N154.9 billion) from Afrexim Bank during the year was thus provided to Whitmore resulting in a receivable of \$438.1 million (N159.6 billion) from Whitmore representing total amount disbursed inclusive of transaction costs. Management performed an impairment assessment on the receivable and fully impaired the amount in the consolidated statement of profit or loss.

As disclosed under events after reporting date (Note 40), Whitmore paid the outstanding balance of \$150 million as provided for under the Settlement Deed through additional loans provided by Oando Servco and OOL in 2020. Thereafter, Ansbury transferred all its shares in OODP BVI to Whitmore, thereby, making Whitmore the sole owner of OODP BVI. Consequently, the GCE and the DGCE (the owners of Whitmore) have become the ultimate owners of the 57.37% of Oando PLC upon full settlement of the indebtedness to Ansbury and transfer of the shares in 2020.

- (xvii) On 9 October 2019, Oando Wings Development Limited ("Lessor"/ "OWDL"), Oando PLC ("Lessee") and Oando Energy Resources Inc. ("Guarantor"/"OER") signed a Lease Amendment Agreement, which further amends the initial Lease Agreement entered into on or about 30 August 2012 as amended on or about 27 August 2013 (First Amendment Agreement). The parties agreed to concessionary rates on the official rental, parking bays, escalation rates and advance payment structure for the unsecured floors. The parties also amended the expiry date of the Lease Agreement as the sixth (6th) Anniversary of the Effective Date of the Lease Agreement, subject to early termination by the Lessee or Lessor. Furthermore, the parties agreed that the Lessee will cease enjoyment of the concessionary rates and pay specific (higher) agreed rates in the event of default on amended payment terms and conditions. PLC paid N1.2 billion to OWDL on 27 November 2019 towards satisfaction of a payment condition in the Lease Amendment Agreement.
- (xviii) On 30 December 2019, OOL, OER and AFREXIM signed a Supplemental Agreement to amend specific clauses of the RBL1 Agreement dated 11 October 2019, and another Supplemental Agreement to amend specific clauses of the RBL 2 Agreement dated 11 October 2019.
- (xix) Upon failure of Goldeneye Energy Resources Limited (the "Borrower") to repay West Africa Investment Limited (the "Lender") under the Original Loan Agreement (as amended up to the fifth (5th) amendment) and guaranteed by Oando PLC (the "Guarantor"), the Lender called the guarantee and the Guarantor paid US\$13.5 million in 2019 (2018: US\$8.3 million). The Guarantor transferred the amounts paid in 2019 and 2018 to Calabar Power Limited, who has recorded them as deposit for shares until the Lender transfers all the underlying shares in Oando E&P Holdings.
- Effective 31 May 2019, Goldeneye ("Transferor") and Calabar Power Limited ("Transferee") executed a Share Transfer Form for 5,236,626 Ordinary shares out of the 17,455,414 Ordinary Shares expected because of the guarantee described above. Following the executed Share Transfer Form, OEPH issued a share certificate for the transferred shares in favour of the Transferee. The outstanding shares of 12,218,788 were transferred to Calabar Power on April 12, 2022.
- (xx) On 15 January 2019, following discussions between the representatives of Oando PLC and Goldeneye, the latter formerly offered the former the option to purchase the entire holding of shares in OEPH, subject to a professional valuation of the shares. On 31 January 2019, Goldeneye requested disbursement of \$9,590,000 representing part-payment for the shares offered in OEPH. Further to the request for disbursement, the company communicated designated bank accounts for the payment in three tranches as follows: \$3,015,000 on 4 February 2019, \$5,075,000 on 18 February 2019 and \$1,500,000 on 28 February 2019. On 4 March 2019, the company sent a letter to Oando PLC acknowledging receipt of all the payments. Management assessed the receivable amount of \$9,590,000 from Goldeneye for impairment on the balance sheet date. The amount has been fully impaired in these consolidated financial statements.
- (xxi) OODP offered to sell 128,413,672 shares amounting to \$225,000,000 of OEPH to Oando PLC vide a letter dated 11 March 2019. Oando PLC accepted the offer on the same date. No further action was taken until 2021.
- (xxii) The chairman of the board of directors of the Company purchased a motor vehicle in replacement of his status car during the year. The Company reimbursed him the cost of the motor vehicle of N65,647,640.85 (2018: Nil). The motor vehicle has been registered in the name of Oando PLC, included in property, plant and equipment and depreciated in line with the Company's accounting policies in these consolidated financial statements.
- (xxiii) On 21 June 2018, the board of directors of Umugini Asset Company Limited resolved to capitalize N14.9 million out of the cash calls refundable to the shareholders of the company in proportion to each shareholder's interest, thereby increasing its share capital. Following the resolution and approval by all shareholders of the company, Oando Production and Development Company Limited (OPDCL) increased its investment in the company by US\$1.6 million (N612.6 million).
- (xxiv) Other related party transactions include:
- Broll Properties Services Limited provided facilities management services consisting of structural, electrical and equipment maintenance and consumables to Oando PLC for which the Company reimbursed the company N85.7 million. In addition, the Company paid N6.8 million fees for the services rendered (2018: fees – N6.4 million, reimbursement - N68.8 million). The GCE has control over one of the joint interest owners of the company.
 - Noxie Limited supplied office equipment worth N105,000 (2018: N122.2 million) to Oando PLC. A close family member of the GCE has control over Noxie Limited.
 - SCIB Nigeria and Co. Ltd. ("SCIB") provided insurance brokerage services worth N628 million (2018: N320.7 million) to various members of the Group (Oando Servco Nigeria Limited, Oando Oil Limited, Oando PLC and Oando Production and Development Company Limited). A beneficial owner of SCIB is related to the GCE.
 - Triton Aviation Limited provided management services consisting of consumables, jet fuel, handling charges, third party charters, aircraft maintenance and crew maintenance (and charges a 5% markup on all cost incurred on behalf of XRS II) to XRS II, an indirect subsidiary of the Company and was paid fees of N13.95 million and reimbursement of N336.5 million (2018: fees – N18.6 million, reimbursement - N373.7 million) for the provision of the services. Triton Aviation Limited is owned by the GCE.
 - F.O. Akinrele & CO. provided legal services worth N31.5 million to Oando Oil Limited (2018: nil). The senior partner of F.O. Akinrele & CO. is a non-executive director in Oando PLC.
 - Crown Interactive Limited provided information technology services worth N64.7 million (2018: nil) to Oando Servco Nigeria Limited in 2019. The DGCE has significant influence over the services provider.
 - Lagoon Waters Limited sold petroleum products and liquefied petroleum gas worth N8.3 million (2018: nil) to Oando PLC. Lagoon Waters Limited is controlled by a close family member of the GCE

(xxv) **Key management personnel**

Key management includes members of the Group Leadership Council. The compensation paid or payable to key management for employee services is shown below:

	2019 N'000	2018 N'000
Salaries and other short-term employee benefits*	2,433,805	2,275,788

*Included in salaries and other short-term employee benefits of key management personnel are board duty allowance of N12.7 million (2018: N12.7 million) received by the Company Secretary and Chief Compliance Officer, N31.5 million (2018: N31.5 million) received by Group Chief Financial Officer, N31.5 million (2018: N31.5 million) received by Group Chief Corporate Services & Operations Officer, N55.6 million (2018: N29.9 million) received by Chief Operating Officer of OER, N140.1 million (2018: N140.1 million) received by Deputy Group Chief Executive, N179.8 million (2018: N179.8 million) received by Group Chief Executive.

Year-end balances arising from transactions with related parties

The following receivables or payables at December 31, 2019 arose from transactions with related parties:

(xxvi) **Receivables from related parties:**

	Company 2019 N'000	Company 2018 N'000
Churchill C-300 Finance Ltd	964,119	962,770
Oando Netherlands Holdings 3 Cooperatief U.A	-	1,880,976
Oando Trading DMCC	-	2,185,572
XRS II	2,740,001	2,898,876
Oando E&P Holdings Limited	2,852,043	2,840,439
Oando Equator Holdings	5,175,901	2,825,609
Equator Exploration Ltd (BVI)	6,206,045	5,766,091
Calabar Power Ltd	13,927,441	8,839,801
Oando Exploration & Production Limited	33,711,604	33,711,603
XRS I	1,910	-
Oando Refinery & Terminals	175	-
Oando Resources Ltd.	97,717,477	99,357,753
	163,296,716	161,269,490
Trade receivables from Oando Trading DMCC	13,650,952	14,741,452
	176,947,668	176,010,942

(xxvii) **Payables to related parties:**

	Company 2019 N'000	Company 2018 N'000
XRS I	-	36
Oando Refinery & Terminals	-	2,500
OES Passion	4,000	3,579
Oando Liberia	18,226	18,200
OES Professionalism	4,851	23,773
Burkina Faso	6,070	-
Oando Trading DMCC	500,100	-
Oando Trading Bermuda	37,182,134	37,130,111
OER Servco Nigeria Ltd	94,037,757	78,292,336
	131,753,138	115,470,535

39 Commitments

The Group had outstanding capital expenditure contracted but not provided for under property, plant and equipment of N79.2billion (2018: N79.6billion) at December 31, 2019.

40 Events after the reporting period

1) Outbreak of the Novel Coronavirus

The outbreak of the Novel Coronavirus (COVID 19) continues to progress and evolve. Therefore, it is challenging to predict the full extent and duration of its business and economic impact. In January 2020, oil prices fell because of the outbreak of Covid-19 and impacted demand for petroleum products. More recently, oil prices suffered a steep fall following the failure of The Organization of the Petroleum Exporting Countries (OPEC) and other producers to reach an agreement in respect of production cuts. The extent and duration of such impact remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of known COVID-19 variants, mutations, evolving new variants (such as Omicron) and the extent and effectiveness of containment actions taken. Yet, we have witnessed a rise in oil prices, while some countries are currently experiencing the third wave of COVID-19 and lockdowns. Given the ongoing economic uncertainty, management has only been able to make adjustments to cash flows and profits forecasts to the extent of COVID-19 guidelines, amendments and interpretations issued by the Securities and Exchange Commission, the Financial Reporting Council of Nigeria and the International Accounting Standards Board. The rebound of crude prices after 2020 and especially from 2021 plus the increase in vaccinated people and partial-to-complete- relaxation of COVID rules globally now prove that businesses have picked. Therefore, management does not foresee any significant negative impact on the Group's future financial results, cash flows and financial condition.

2) US\$50 million facility from Ecobank Development Company Limited

On 1 November 2019 and a subsequent amendment date of 31 December 2019, Oando Servco Nigeria Limited ("Borrower") signed an agreement with Ecobank Development Company Limited ("Lender") and Ecobank Nigeria acting as Agent and Security Agent, to borrow US\$50 million. The parties agreed that the facility, whose cost of utilization shall be LIBOR plus 8.5% (which cannot be less than ten percent (10%) at any time during the period of the facility), shall be applied towards general corporate purposes acceptable to the Agent. Furthermore, the parties agreed the termination date of the facility as fifty-one (51) months from the initial repayment date. The initial repayment date is agreed as the date falling three (3) months from the availability period. The Lender disbursed the facility to OODP on the instruction of the Borrower on 2 January 2020. The Borrower utilized the proceeds towards Whitmore's settlement of the shareholders dispute as contained in the Settlement Deed referred to in the AFREXIM Agreement. In addition, the Borrower commenced payment of interest of US\$1,386,705.78 and repayment of the principal of US\$2,324,000 in April 2020.

3) Communication of Event of Default on the Medium-Term Loan and Deed of Amendment and Restatement to the Medium-Term Loan

The Facility Agent to the Lenders under the Oando MTL Facility Agreement, issued a formal notification that an Event of Default ("EoD") has arisen on the Facility to the borrower, Oando PLC on 7 January 2020 pursuant to clause 21.1 of the Facility Agreement.

On 24 November 2020, Oando PLC ("Borrower"); Oando Netherlands Holdings 2 Cooperatief, Oando Trading DMCC, Oando Trading Limited, Bermuda (each hereinafter referred to as "Guarantor" or collectively referred to as "Guarantors"); and Access Bank PLC, Ecobank Nigeria Limited, Fidelity Bank PLC, First Bank of Nigeria Limited, Keystone Bank Limited, Stanbic IBTC Bank PLC, Union Bank of Nigeria PLC, Zenith Bank PLC, First City Monument Bank Ltd, and United Bank for Africa PLC (hereinafter collectively referred to as "Lenders"); FBNQUEST Merchant Bank Limited ("Modelling Bank"); FBNQUEST Trustees Limited; and Stanbic IBTC Trustees Limited ("Facility Agent") further signed a Deed of Amendment and Restatement (the "Deed") relating to the Original Facility Agreement dated 30 June 2016 as amended. Effective the date on which the Facility Agent notifies the Borrower of the due satisfaction by the Borrower or waiver by the Facility Agent, of all the conditions precedent as set out in Schedule II of the Deed, the Borrower and Lenders have agreed to amend the Original Facility Agreement to reflect an upsize in the total commitment of the Lenders under the Original Facility Agreement to the sum of N115.3 billion ("the Upsized Facility") from N108.3 billion following the change in the foreign exchange rate for conversion from United States Dollar to Naira. The parties have also agreed to restructure the upsized facility for the purposes of: (i) re-sculpting the repayment profile under the Upsized Facility Agreement (as defined in the Deed); (ii) extending the maturity date of the Upsized Facility; and (iii) updating the details in relation to the Security. Consequent upon the Deed, the Lenders will waive the Borrower's existing EoD as of the effective date. The Company is yet to meet all the conditions precedent as of the date of approval of these consolidated and separate financial statements.

4) US\$100 million facility from AFREXIM

On 7 January 2020, OOL (as "Borrower"), OER and AFREXIM (as "Mandated Lead Arranger/Facility Agent/Security Agent") signed Accordion Exercise and Amendment and Restatement Agreement relating to a Senior Secured Facility Agreement dated 11 October 2019 (the RBL 2 loan). AFREXIM agreed to increase the existing aggregate commitments by \$100 million pursuant to the terms of Clause 2.2 (Increase in size of Facility) of the RBL 2 loan agreement. AFREXIM disbursed the US\$100 million facility to the Borrower on 5th March 2020. The Borrower utilized the proceeds towards Whitmore's settlement of the shareholders dispute as contained in the Settlement Deed referred to in the AFREXIM Agreement. In addition, the Borrower commenced payment of interest of US\$708,806.94 and no principal repayment is expected until September 2021.

5) Sale of Hedges

Oando Holdco Limited, the Hedging Obligor under the AFREXIM Agreement dated 11 October and amended on 31 December 2019 and on 7 January 2020, realized the following hedges on 20 April 2020: (a) April – September 2020: eight thousand (8,000) barrels per day with a proceed of US\$36.9 million; and (b) October 2020 – September 2021: four thousand (4,000) barrels per day with a proceed of US\$24.8 million. The total proceeds amounting of US\$61.7 million less settlement amount and hedge advisory fees of US\$1.8 million was credited to Oando Holdco Limited on that day. The net proceed was used to prepay the 2020 principal obligations under the AFREXIM Facility Agreement.

On 29 April 2020, Oando Holdco Limited bought a hedge covering 736,000 barrels of oil per day effective 1 May 2020 - 31 July 2020 at a strike price of US\$25 per barrel, after payment of the premium amount of US\$1.5 million.

6) Revocation of Akepo Marginal Field

The Ministry of Petroleum Resources through the Department of Petroleum Resources sent a notice of revocation of the Akepo Marginal Field dated 6 April 2020 to Sogenal Limited, the operator of Oil Mining Lease 90 ("OML 90"). Exile Resources BVI Ltd and Oando Akepo Limited owned 30% interest and 10% interest in OML 90.

7) N2.4 billion loan from Access Bank PLC

Access Bank PLC made an offer of a N2.4 billion term loan facility to Oando PLC on 24 March 2020. The board of directors of Oando PLC approved the facility on 30 March 2020. The facility, whose purpose is to meet urgent corporate obligations with a tenor of twelve (12) months, attracts 15% interest rate subject to a review from time to time. Access Bank PLC disbursed the loan to Oando PLC on 3rd April 2020.

8) Amended and Restated Loan Agreement 5

On 16 April 2020, Goldeneye Energy Resources Limited (the "Borrower"), Oando PLC (the "Guarantor") and West Africa Investment Limited (the "Lender") signed the Fifth Amendment and restatement of the Original Loan Agreement. Under the Original Loan Agreement, the Lender granted a loan to the Borrower for the purpose of acquisition of 17,455,414 Ordinary Shares previously held in the capital of OER, now held in Oando E&P Holdings, by the Lender. The parties amended repayment as follows: US\$1.5 million on 30 April 2020 and US\$10 million plus any additional return on capital. Due to inability of the Borrower to honour repayments as previously agreed with the Lender, the Lender called the Guarantee. Subsequently, Calabar Power (through the Guarantor) paid the outstanding indebtedness to the Lender as follows: 2020: \$1.5 million, 2021: \$10 million while the Borrower paid \$4.12 million in 2022 out of the indebtedness to the Guarantor of \$9.59 million (see Note 38xx). The final payment of \$4.12 million extinguished the debt to the Lender as guaranteed by Oando PLC. Upon the final payment and on April 12, 2022, the outstanding shares of 12,218,788 were transferred to Calabar Power.

9) Shares Sale and Purchase Agreement between M1 Petroleum Limited and Calabar Power Limited

M1 Petroleum Limited ("Seller") signed a Share Sale and Purchase Agreement ("SSPA") with Calabar Power Limited ("Buyer") on 29 June 2020 in respect of its entire 17,614,649 common shares (representing 2.22% of the issued share capital) of Oando E&P Holdings Limited ("Oando E&P"). In consideration of the assignment, transfer and sale of the common shares, the Buyer agrees to pay or cause to be paid to the Seller \$30 million, representing a transfer price of \$1.70 per share, net of any tax and any other fees and expenses incurred or payable under or in connection with the transaction. The Buyer agrees to pay the Seller in four instalments: (a) \$5 million payable on or prior to 31 July 2020; (b) \$3 million payable on or prior to 31 October 2020; (c) \$7 million payable on or prior to 31 January 2021; and (d) \$15 million payable on or prior to 31 July 2022. Oando PLC has paid \$10 million to M1 Petroleum Limited under the Agreement as of 31 December 2021.

10) \$6.5 million Deferred Consideration payment by Helios

Helios paid the deferred consideration of \$6.5 million due within twelve months of the acquisition of the remaining 25% interest of the Group in Glover BV in 2019 on 1 April 2020 to the Group. See detail of acquisition in Note 22d.

11) Dilution of Oando PLC in Oando Wings Development Limited

On 27 October 2020, OWDL issued 236,619 shares each to Wings Mauritius Limited and SB Wings Development Limited thereby diluting Oando PLC's interest to 18.78%. Furthermore, Oando PLC "the Seller" on 29 January 2021 entered into a Share Purchase Deed with Wings Mauritius Limited and SB Wings Development Limited "the Buyers" for the sale of its 2,579,900 units of ordinary shares held by the Seller in OWDL. Under this agreement, the transfer of the Sale Shares and assignment of the rights, title and interest of the Shareholder Loans by the Seller shall be treated by the Buyers as fully repaying all obligations due under the Rental Funding Facility. The sale was also completed on the date of the agreement.

12) \$30 million loan from Mauritius Commercial Bank

Oando Resources Limited acting as the Borrower, Oando Trading DMCC acting as the Obligor, Oando Plc acting as the Guarantor and the Mauritius Commercial Bank acting as the Lender signed a \$30 million borrowings agreement on 29 September 2020. The loan was disbursed in October 2020 and used for general corporate purposes.

13) Award of Oil Prospecting Licenses (OPLs) 321 and 323

On 20 October 2020, the Ministry of Petroleum Resources ("Ministry") communicated re-award of OPL 321 to Equator Exploration Nigeria Limited (64%), Owel Petroleum Services Limited (26%) and Tulip Energy Limited (10%) subject to the following terms and conditions: (1.) payment of signature bonus of \$35million within ninety days of receipt of Award letter; sole risk contract requiring Equator Exploration Nigeria Limited to identify and negotiate with a technical partner with Deepwater experience as the contracting party; and preservation of Government Back-in Right.

On the same date, the Ministry also communicated re-award of OPL 323 to Equator Exploration Nigeria Limited (78.6%), Owel Petroleum Services Limited (11.4%) and NJ Exploration Limited (10%) subject to the following terms and conditions: (1.) payment of signature bonus of \$145million within ninety days of receipt of Award letter; sole risk contract basis requiring Equator Exploration Nigeria Limited to identify and negotiate with a technical partner with Deepwater experience as the contracting party; and preservation of Government Back-in Right.

The Nigerian Upstream Petroleum Regulatory Commission (NUPRC), vide a letter dated 21 January 2022 has granted a sixty days payment extension for the signature bonus. Management plans to meet the new payment date.

14) Amendment and Restatement Agreement in respect of the US\$350,000,000 Senior Secured Corporate Facility Agreement

On 27 November 2020, Oando Energy Resources Inc. ("Borrower"); Oando OML 125 and 134 Limited, Oando Petroleum Development Company Limited, Oando Production and Development Company Limited, Oando Akepo Limited, Oando Qua Ibo Limited, Oando OML 125 & 134 (BVI) Limited, Oando Netherlands Holdings 2 B.V., Oando Netherlands Holdings 3 B.V., Oando Netherlands Holdings 4 B.V. (the "Original Guarantors"); Oando Netherlands Holdings 1 Cooperatief U.A (the "Holdco and a Security Provider"); FBNQUEST Merchant Bank Limited (the "Facility Agent"); and FBNQUEST Trustees Limited (the "Security Trustee") signed an Amendment and Restatement Agreement the "Agreement") in respect of the \$350 million Senior Secured Corporate Facility Agreement dated January 17, 2014 and amended on January 31, 2014. Effective the date on which the Facility Agent confirms to the Borrower that the documents and other evidence set out under the Conditions Precedent section of Agreement have been delivered to the Facility Agent in form and substance satisfactory to the Facility Agent (acting on the instructions of the Lenders) or waived by the Facility Agent (acting on the instructions of the Lenders), the Lenders agreed that the outstanding loan amount of US\$223.9 million and interest accruable thereon be repaid by the Borrower over a period of seven years with a moratorium period, which is defined in the Agreement as the period from and including the Effective Date to and including the date falling eighteen (18) months thereafter.

In addition, the Lenders agreed that, at any time during which the whole or any part of the Facility remains outstanding in Dollars, the Borrower may request that the entirety or a portion of the Facility be redenominated from Dollars into Naira, and the modalities for the redenomination shall be set out in a side letter to be agreed amongst the Lenders and the Borrower on or about the Effective Date (as defined in the Agreement). The interest rate is LIBOR + Margin (10.5% p.a.) for each Dollar loans and 15% p.a. in the case of each Naira loan.

15) Settlement with the Securities and Exchange Commission

Oando PLC, Mr. Jubril Adewale Tinubu, Mr. Omamofe Boyo and Mr. Olufemi Adeyemo signed a Settlement Agreement with Securities and Exchange Commission (SEC) on 15 July 2021. Under the Settlement Agreement, Oando PLC and the executives mentioned above agreed to withdraw all cases instituted against SEC in courts in Nigeria without admitting or denying any liability in respect of the regulatory infractions and violations outlined in SEC's Letter of 31 May 2019. The executives further agreed to obtain the compromise of any existing judgement obtained by Oando PLC's shareholders against SEC and payment of a penalty sum of N271.9million. Following settlement with SEC, members of Oando PLC held the 42nd Annual General Meeting on 31 August 2021.

16) N15billion Access Bank PLC Loan

The management of Access Bank PLC communicated approval of a Receivable Discounting Facility (available as a Term Loan) loan of N15 billion to Oando Servco Nigeria Limited (the "Borrower") on 18 February 2021. The Term Loan whose tenor was agreed as sixty (60) months, was for the general corporate purposes of the borrower. Other terms and conditions amongst others included: (a.) the Term Loan's interest rate was 14% per annum, subject to prevailing marketing conditions; (b.) Repayments are expected from cash generated from OML 60 – 63 operations, proceeds from current and future receivables from crude offtake agreements, loan proceeds from the facility granted by Gateway Management Limited to the Borrower and settlement amount relating to the OML 125 & 134 Underlift receivables.

17) Settlement Deed and Amendments thereof between Oando PLC and Alhaji Dahiru Mangal

In 2017, Alhaji Dahiru Bara'u Mangal ("DBM"), a beneficial owner of 1,968,512,614 Ordinary Shares (amounting to 15.83%) of Oando PLC (the "Company") held in his name and other associates, filed a petition with SEC against Oando and its management following a number of disputes involving management and control of Oando PLC. SEC commenced investigation of the Company following receipt of petitions from DBM and Ansbury Investments Inc. (an investor in Ocean and Oil Development Partners BVI and owned by Mr. Gabrielle Volpi) in the same year. Following intervention of eminent persons, DBM withdrew his petition to SEC. He was granted representation on the Board and Executive Management of the Company to have visibility over the running of the affairs of the Company. On 31 March 2021, DBM and the Company agreed to terms of settlement which have been executed in a Settlement Deed. Under the Settlement Deed, the Company agreed to unconditionally pay a settlement sum to DBM on or before 30 June 2021 ("Longstop date" or such other date as the parties shall agree but not later than 30 September 2021) as follows: (a) N3,578,536,928; and (b) \$50 million (or N24 billion at the agreed exchange rate of N480=\$1) at the Company's sole discretion. Upon payment of the settlement sum, DBM shall procure resignation of his nominated directors in the Company and/or its subsidiaries from the board of the Company and/or its subsidiaries and he shall confirm in writing that they do not have any claims (and waive any right to bring claims) against the Company or any of its subsidiaries or affiliates and any of their directors, officers, or agents.

The Settlement Deed further states that failure by the Company to pay the settlement sum on or before the Longstop date or any other agreed date shall occasion the termination of the Settlement Deed, refund of all sums paid by the Company pursuant to the Settlement Deed subject to OODP ensuring that the shares already transferred on the floor of the Nigerian Exchange Limited (NGX) are reversed in the manner they were transferred in favour of DBM. Oando Servco, an indirect subsidiary of the Company paid the sum of N3,578,536,928 to DBM's designated bank account in April 2021 on behalf of the Company. On 1 April 2021, the Company and DBM agreed to modify the Settlement Deed to include additional payment of \$25 million to DBM by the Company for the former's assistance to facilitate settlement of a certain underlift receivable in favour of OML 125 & 134 Ltd from NNPC (hereinafter referred to as the First Addendum).

Effective 30 September 2021, the Company and DBM further agreed to terminate the First Addendum and to vary the terms of the original Settlement Deed such that the Company's obligation on the remaining two settlement sums under the Settlement Deed and First Addendum is replaced with single obligation to pay in one installment the sum of \$62.5 million to DBM as full and final settlement of the dispute between the parties (the Second Addendum). On the same date, the Company and DBM also signed an Agreement to extend the Longstop date to 30 October 2021 from 30 September 2021. OML 125 & 134 Ltd paid the second tranche of the agreed settlement sum of \$62.5 million to DBM in 22 October 2021 on behalf of the Company. Consequently, the directors nominated by DBM have resigned from the board of the Company.

18) Settlement of Oando OML 125 & 134 Underlift receivable by NNPC

Further to the disclosure of the Underlift receivables by OML 125 & 134 Ltd from NNPC contained in Note 22a of the audited Annual report and financial statements of the Company for the year ended 31 December 2014 and further disclosures on the matter in subsequent audited Annual report and financial statements, NNPC and NAE, on 25 September 2019, signed the Heads of Terms ("HOT"), which provided for the negotiated and settlement amount of \$257,977,252.35, to be further adjusted on a mutually agreed effective date. However, OML 125 & 134 asserted that NAE did not adequately represent its interest in the HOT.

In August 2021, OML 125 & 134 Ltd.'s direct negotiation of the Underlift receivable with NNPC resulted in an agreed and approved settlement amount (comprising principal amount of \$72.7 million plus accrued interest) of \$155 million. Consequently, NNPC and Oando OML 125 & 134 Ltd signed a Settlement Agreement on 30 September 2021 to end the disputes that arose from the interpretation and / or performance of certain obligations set out in the PSC and the arbitral proceedings instituted with Nigerian Agip Exploration Limited (NAE), Oando OML 123 & 134 Limited and NNPC as parties. NNPC has paid the agreed settlement amount of \$155 million to OML 125 & 134 Ltd in October 2021.

- 19) On completion of the Oando Reorganization on 24 July 2012, OER, the parent of OML 125 & 134 Ltd, retained the contractual rights to receive the cash flows associated with the \$72.7 million Underlift receivables (through OML 125 & 134 Ltd) and assumed a contractual obligation to pay a portion of those cash flows amounting to \$47 million to Oando PLC. As part of the terms, OER agreed to pay the amount to Oando Plc upon receipt of the equivalent amounts from NNPC. Following payment by NNPC in October 2021, OML 125 & 134 Ltd paid the \$47 million out of the \$62.5 million obligation of the Company to DBM (on behalf of the Oando PLC), thereby, fully satisfying the terms of the 24 July 2012 contractual obligation between OER and Oando PLC.

20) Share Sale and Purchase Agreement between OODP and Calabar Power Limited

On 31 March 2021 (the "effective date"), OODP Nigeria (the "Seller") agreed to sell, assign and deliver to the Calabar Power Limited (the "Purchaser") and the Purchaser agreed to purchase and accept from the Seller the Shares - 128,413,672 common shares of Oando E & P Holdings Limited ("OEPH") free from all encumbrances on the effective date for a consideration of \$225 million. The Seller and the Purchaser further agreed that costs and taxes directly related to the sale and transfer by the Seller shall be borne by the Seller; and that the consideration will be paid in full by the Purchaser within twelve months from the effective date.

The Seller and Purchaser executed a Share Transfer Form on the effective date. A Share Certificate covering the 128,413,672 common shares dated the effective date was also issued to the Purchaser by Oando E & P Holdings Limited.

21) Agreements between OODP, Whitmore, and Oando Companies

The following agreements were executed between Oando PLC, OODP BVI, Oando Servco Nigeria Limited, Whitmore Asset Management Limited, Oando Oil Limited and Calabar Power Limited:

a.OODP BVI and Oando Servco Nigeria Limited ("Oando Servco") signed a \$20 million Cooperation Agreement on 27 October 2021. The Agreement provides that Oando PLC ("Oando") and Alhaji Dahiru Bara'u Mangal ("DBM") were involved in several disputes involving the management and control of Oando which led to the execution of a Settlement Agreement in March 2021 to fully and finally settle the disputes between them ("Settlement Agreement"). As part of the dispute settlement, OODP BVI was required to purchase 1,968,512,614 shares (the "Shares") beneficially held by DBM in Oando PLC ("Shares") and it approached Oando Servco for support to purchase the Shares. The naira equivalent of \$20million (amounting to N8,421,463,072) was advanced by Oando Servco to OODP for the purpose of funding the purchase of the Shares (the "Settlement Loan"). OODP in a request letter dated 6 April 2021, asked Servco to disburse the loan amount to a specified APT Securities' bank account with Access Bank for the purpose of acquiring the Shares held by Alhaji D.B. Mangal and associated companies. APT Securities was the appointed broker for the acquisition (see further details in Note 24a). Although the naira equivalent of \$20 million was advanced to OODP BVI, OODP BVI now agrees that it borrowed \$20 million from Oando Servco on the effective date of this agreement.

The Settlement Loan was granted to OODP BVI at 6% interest rate, with the option for OODP BVI to pay all or any portion of the accrued interest in kind. The Settlement Loan attracts ten (10) years moratorium and it shall be fully repaid by the date falling twenty (20) years from the utilisation date of the last advance of the Loan.

Furthermore, OODP Ltd, through a Share Sale and Purchase Agreement sold the Shares to Leaf Investment & Realtors Limited on 22 October 2021. Following the sale, Oando PLC notified the NGX of the acquisition of Alhaji Dahiru Mangal's interest of 1,968,452,614, shares in Oando PLC by Leaf Investment & Realtors Limited in accordance with Rule 17:13 (a) of the Nigerian Exchange Limited Issuers' Rules. Consequently, Leaf Investment & Realtors Limited now holds 15.83% of Oando PLC.

b.Whitmore Asset Management Limited ("Whitmore") and Oando Oil Limited ("OOL") signed a Cooperation Agreement on 31 August 2021. Under the terms of the settlement agreement between Whitmore and Ansbury Investments Inc. ("Ansbury"), it was agreed that the sum of \$550 million would be paid by Whitmore to Ansbury in full and final settlement of their dispute. Whitmore was only able to pay part of the amount due under the settlement agreement and Whitmore therefore approached OOL for support. In October 2019 and March 2020 respectively, OOL obtained loans from African Export Import Bank (the "Afrexim") (the "Afrexim Loan"). The Afrexim Loan was advanced by OOL to Whitmore to help settle Whitmore's indebtedness to Ansbury under the settlement agreement. Whitmore and OOL have now agreed the terms for the assistance and settlement of Whitmore's obligation of \$550 million (the "Settlement Loan") as follows: (i) the Settlement Loan shall attract an interest rate of 6% p.a. and accrued interest shall be paid on the Loan quarterly; (ii) for any interest period, the Whitmore may elect to pay all or any portion of interest in kind; (iii) the Settlement Loan attracts ten (10) years moratorium on principal and it shall be fully repaid by the date falling twenty (20) years from the utilisation date of the last advance of the Loan; and (iv) Whitmore shall bear all costs incurred by OOL in securing the Afrexim Loan.

c. Oando PLC and OOL signed an Amended and Restated Intercompany Loan Agreement on 27 October 2021 (the "effective date"). The Agreement refers to an Original Loan Agreement dated 31 August 2021, wherein OOL agreed to make two facilities (Facility A of \$225 million and Facility B of \$100 million) available to Oando PLC to meet its general corporate and other purposes. From the effective date, under the Amended and Restated Agreement, the parties agree to discontinue Facility A only and defined the subject of the Agreement as a Term Loan in an amount equal to or up to \$100 million with the following terms and conditions: (i) interest rate for the Term Loan is the percentage rate per annum which is the aggregate of: the Margin (3%) and LIBOR. Interest on the Loan shall accrue on a day-to-day basis, calculated according to the number of actual days elapsed and a year of 360 days and shall be payable quarterly in arrears on each interest payment date falling after the expiry of the moratorium period (defined as the period from each utilisation date to and including the date falling ten (10) years thereafter; (ii) any default payment shall attract additional 2% above the interest rate; (iii) Oando PLC is expected to repay the Loan on each repayment date (defined as each interest payment date falling after the expiry of the moratorium period) or before the final maturity date, which is defined as twenty (20) years from the utilization date of the final advance; (iv) Oando PLC shall be entitled to voluntarily prepay the Loan in a minimum amount of \$5,000,000 and for higher amounts in multiples of \$1,000,000; and (v) the Agreement provides for set-off of matured obligations between the parties.

d. On 27 October 2021 (the "effective date"), OOL, Whitmore, Calabar Power Limited ("CPL") and OODP Nigeria signed a Deed of Novation of Loan Agreement. Pursuant to the loan agreement between OOL and Whitmore for \$500 million dated 27 October 2021 (item #b above), another loan agreement between OODP Nigeria and CPL for the sale and purchase of 128,413,672 common shares of OEPH (the "SPA") for a consideration of \$225 million (item #22 above), resolution of board of directors of Oando PLC dated March 28, 2019, resolving that Oando PLC (either by itself or through nominees) should acquire all the shares held by the minority shareholders in OEPH, including the shares held by OODP Nigeria, OODP Nigeria and OOL agreed to novate part of the receivable of the \$500 million loan, due from Whitmore, to CPL. In return, Whitmore and CPL have agreed that Whitmore shall take on CPL's obligation to repay the \$225 million consideration under the SPA. Consequently, CPL agrees that on and from the novation date, it shall perform obligations towards OOL under the Loan Agreement which are identical in character to the Whitmore's obligations under the Loan Agreement such as repayment of the \$225 million and all interest, fees and other amounts owing in respect of the amount to OOL. OOL consents to the novation and Whitmore shall have no liability to it and OOL no longer has any rights or recourse, in or to any obligation or liability against Whitmore in respect of interest, fees, costs and other amounts owing in respect of the novation amount accrued up to but excluding the novation date.

e. In January 2020, Oando Servco obtained a loan from Ecobank Development Corporation ("Ecobank") in the sum of \$50 million and advanced the entire loan amount to Whitmore to help settle the latter's obligation under the Settlement Agreement with Ansbury (the "Settlement Loan"). Whitmore and Oando Servco signed a cooperation agreement on 27 October 2021 (the "effective date") to document the following terms and conditions: (i) the Settlement Loan shall attract an interest rate of 6% p.a. and accrued interest shall be paid on the Loan quarterly; (ii) for any interest period, the Whitmore may elect to pay all or any portion of interest in kind; and (iii) the Settlement Loan attracts ten (10) years moratorium on principal and it shall be fully repaid by the date falling twenty (20) years from the utilisation date of the last advance of the Loan.

f. Oando Servco and OODP BVI signed an agreement effective 27 October 2021 to terminate a cooperation agreement dated 31 August 2021 which outlines the terms under which OODP BVI will repay Servco for the \$70 million advanced by Servco to OODP BVI. With effect from the effective date, Oando Servco and OODP BVI unconditionally and irrevocably agreed that the cooperation agreement shall be terminated and shall cease to have any force and effect. In addition, consequently, each party shall be irrevocably and unconditionally released from all obligations, claims and liabilities under, or in connection with, the cooperation agreement.

g. OOL and OODP BVI signed an agreement effective 27 October 2021 to terminate a cooperation agreement dated 31 August 2021 which outlines the terms under which OODP BVI will repay Servco for the \$320 million Settlement Loan advanced by OOL to OODP BVI. With effect from the effective date, OOL and OODP BVI unconditionally and irrevocably agreed that the cooperation agreement shall be terminated and shall cease to have any force and effect. In addition, consequently, each party shall be irrevocably and unconditionally released from all obligations, claims and liabilities under, or in connection with, the cooperation agreement.

22) Arbitration between Oando & NAOC

Oando Oil Limited and Nigeria Agip Oil Company Arbitration - OOL issued a notice of Arbitration "the notice" dated 9th February 2021, in respect of the ongoing dispute concerning its demand letter dated 6th January 2021 claiming the sum of US\$240.47 million and N13.49 billion (the "Audit Credit"). The Audit Credit emanates from the audit of the NAOC JV Joint Operations for 2016 and 2017 financial years conducted by an independent firm of chartered accountants on behalf of OOL pursuant to the Joint Operating Agreement "JOA" and as detailed in the independent Audit Report submitted to NAOC on 23rd December 2020. NAOC rejected the findings in the Audit Report and the Audit Credit by OOL. In addition, the notice was issued in respect of NAOC's obstruction and frustration of the ongoing 2018 audit. OOL is seeking a claim for the Audit Credit; a declaration that NAOC is in breach of Articles 2.2.1, 2.2.3, 4.1.1 and 6.1 of the JOA and an order that NAOC should provide OOL with unfettered access to all joint venture information. OOL's Points of Claim have been filed and NAOC has also filed its Points of Defense. OOL is yet to file a reply. During the Arbitration NAOC filed an application for interim measures on 26th October 2021, seeking amongst others, the Tribunal's direction that OOL make payment of certain sums as cash calls as of August 2021. On 21st December 2021, OOL filed its reply to NAOC's application. NAOC has now filed its response to OOL's response and OOL has filed a Rejoinder. NAOC has also filed a counter claim for the value of lost oil and gas production caused by OOL estimated to be between US\$ 660.6 million and US\$ 2.2 billion for the period 1 October 2020 to December 2027 plus interest.

23) Share Sale and Purchase Agreement between Bitumen Resources Limited and Dr Lawrence Ajayi & Mrs. Benita Funmilayo Ajayi

Oando PLC through its wholly owned subsidiary, Bitumen Resources Limited (The Buyer), entered into a Share Sale and Purchase Agreement on 21st June 2021 with Dr Lawrence Ajayi and Mrs. Benita Funmilayo Ajayi (The Sellers) for the acquisition of 55% equity stake in Lakel Afrik Petroleum Limited (LAPL). The Buyer received 13,750,000 ordinary shares of LAPL from the Seller for a total consideration of US\$1 million. The Buyer paid an initial consideration of US\$500,000 on 21 June 2021 and a deferred consideration of US\$500,000 payable upon completion by the Buyer of a detailed bankable feasibility study on the licenses reflecting the presence of measured bitumen resources of a minimum of one billion barrels through a resource-compliant valuation.

24) \$20 million facility from Afrexim

On 5 August 2021, OOL upsized the outstanding amount on the initial senior secured facility Tranche A by \$20 million to \$332.8 million. The upsized \$20 million was used to purchase hedges for OOL in accordance with the facility agreement. The \$20 million, which will expire on 31 December 2024, was borrowed on the terms of the initial senior secured facility Tranche A.

41 Contingent liabilities

(i) (a) Guarantees to third parties

Guarantees, performance bonds, and advance payment guarantees issued by the Group to commercial banks and third parties amounted to N337.5 billion (2018: N185.5 billion).

- (b) Pursuant to the Amended and Restated Loan Agreement between West Africa Investment Limited (the "Lender" /"WAIL"), Goldeneye Energy Resources Limited (the "Borrower") and Oando PLC (the "Guarantor") dated March 31, 2016, on one hand; and another Amended and Restated Loan Agreement between Goldeneye Energy Resources Limited (the "Borrower"), Southern Star Shipping Co Inc. (the "Lender"/"SS") and Oando PLC (the "Guarantor") also dated 31 March 2016; Oando PLC provided financial guarantee to the Lenders to the tune of US\$32m (WAIL: US\$27m, SS: US\$5m). The essence of the loans was for the borrower to acquire shares owned by the Lenders in Oando E&P Holdings Limited (OEPH), a wholly owned subsidiary of Oando PLC. The Borrower agreed to repay the loans in 12 installments starting from March 2017.

The financial guarantee required Oando PLC to pay to the Lenders in its capacity as Guarantor, the loan amounts due (inclusive of accrued interest) if the Borrower is unable to pay while the Borrower is also required to transfer the relevant number of shares held in OEPH to the Guarantor or its Nominee in the event of default.

Upon failure by the Borrower to honor the repayment agreement, the Guarantor paid US\$ 6.1m (which represented principal plus accrued interest) to SS on October 4, 2017. On the same date, the Borrower executed a share transfer instrument for the purpose of transferring all the shares previously acquired from SS to Calabar Power Limited, a wholly owned subsidiary of Oando PLC. Consequently, the Guarantor was discharged of the financial guarantee to SS.

On September 29, 2017, WAIL, the Borrower and the Guarantor signed Amended and Restated Loan Agreement. The Agreement extends repayment of the outstanding loan amount (principal and accrued interest) by the Borrower to the Lender to March 31, 2018. These were later amended by both parties extending the maturity date to July 31, 2019 but this is yet to be fully paid as at the reporting date. Out of the total exposure of \$25 million, \$13.5 million (N4.9 billion) was paid to WAIL in 2019, \$1.5 million in 2020 and \$10 million in 2021 thereby reducing the exposure (including interest) to \$4.1 million at 31 December 2021. This was fully paid on March 29, 2022. 5,236,626 Ordinary Shares out of the total shares previously held by WAIL were transferred to Calabar Power (a subsidiary of Oando PLC) by Goldeneye on May 31, 2019, as disclosed under general information on page 22 with the outstanding 12,218,788 Ordinary Shares transferred on April 12, 2022 upon full settlement. At 31 December 2019, management performed valuation of the outstanding shares of 12,218,788 and arrived at a value of N2.9 billion (\$8.2 million). When compared to the exposure on the guarantee, the Guarantor has recognised a liability of N1.9 billion (\$5.3 million) on the balance sheet date.

- (c) Open letters of credit in respect of the direct-sale-direct-purchase agreement (DSDP) and crude offtakes amounted to N81.6 billion (\$223.8 million) (2018:N77.2 billion/\$212 million) at the reporting date from which no material liability is anticipated to arise.

(ii) Pending litigation

There are a number of legal suits outstanding against the Group for stated amounts of N819.9 billion (2018: N1.061 trillion). Of the total legal suits outstanding, N814.3 billion (2018: N1.060 trillion) was filed against OER's portion of NAOC JV (OML 60-63). On the advice of Counsel, the Board of Directors are of the opinion that no material losses are expected to arise. Therefore, no provision has been made in these consolidated and separate financial statements.

(iii) Bilabri Oil Field (OML 122)

In 2007, OER transferred, under the Bilabri Settlement Agreement, the full responsibility for completing the development of the Bilabri oil field in OML 122 to Peak Petroleum Industries (Nigeria) Limited ("Peak"). Peak specifically assumed responsibility for the project's future funding and historical unpaid liabilities. In the event that Peak fails to meet its obligations to the projects creditors, it remains possible that OER may be called upon to meet the debts. Therefore, a contingent liability of \$21.7 million exists at December 31, 2019 (2018 – \$21.7 million).

On May 26, 2015, Peak and OER (through Equator Exploration (OML 122) Limited) signed a Settlement Agreement which set out the terms under which Peak would pay OER the sum of \$52.2 million ("Settlement Amount") as full and final settlement of its indebtedness to OER, three months from the date of the Settlement Agreement. Peak requested for an extension of time to pay the Settlement Amount which was granted by OER. Peak failed to pay the Settlement Amount leading to a termination of the agreement on February 16, 2017. OER has deemed this to be a contingent asset until such time as when the inflow of economic benefit from Peak becomes virtually certain.

(iv) OPL 321 and OPL 323

- (a) In January 2009, the Nigerian government voided the allocation of OPL 323 and OPL 321 to the operator, Korea National Oil Corporation (KNOC) and allocated the blocks to the winning group of the 2005 licensing round comprising ONGC Videsh, Equator and Owel. KNOC brought a lawsuit against the government and a judgement was given in their favor. The government and Owel appealed the judgement. The Court of Appeal ruled against KNOC on the grounds that it instituted its original action wrongly. KNOC filed an appeal to the Supreme Court in June 2012. In February 2017, the Supreme Court affirmed the decision of the Court of Appeal. In 2009, the government refunded the signature bonus paid by Equator. Equator has not recognized a liability to the government for the blocks subsequent to the refund of the signature bonus. Following the decision of the Supreme Court, Equator has declared its intention to continue to invest in the blocks. In October 2019, the Department of Petroleum Resources ("DPR") informed Equator that the award of OPLs 321 and 323 will be considered upon the fulfilment of certain conditions which include the submission of the name of a financial and technical partner and payment of a signature bonus. Equator is in the process of fulfilling the conditions specified by the DPR.
- (b) Equator originally bid as member of a consortium for OPL 321 and 323. It was granted a 30% interest in the Production Sharing Contracts "PSCs" but two of its bidding partners were not included as direct participants in the PSCs, as a result, Equator granted those bidding partners 3% and 1% carried economic interests respectively in recognition of their contribution to the consortium. During 2007, it was agreed with the bidding partners that they would surrender their carried interests in return for warrants in Equator and payments of \$4 million and \$1 million. The warrants were issued immediately but it was agreed that the cash payments would be deferred. The warrants have expired. In the first instance, payment would be made within 5 days after the closing of a farm out of a 20% interest in OPL 323 to a subsidiary of BG Corporation PLC (BG). However, BG terminated the farm out agreement. Under the successor obligation, Equator issued loan notes with an aggregate value of \$5 million which are redeemable out of the first \$5 million of proceeds received on the occurrence of any one of the following events related to OPL 321 or OPL 323:

- A farm out with another party;
- A sale or partial sale of the interests; and
- A sale or partial sale of subsidiaries holding the relevant PSCs

During 2010, a bidding partner successfully sued Equator in an arbitration tribunal for \$1 million. This has been paid in full. On the advice of legal counsel, Equator maintains that the remaining \$4 million owed is not yet due and that any second arbitration hearing can be successfully defended. If none of the above events occur, it is assumed that Equator will not need to settle the \$4 million loan note and can defer payment indefinitely. The above contingencies are based on the best judgements of the board of directors and management.

The two blocks have been re-awarded to as disclosed in events after the reporting date under Note 40(13).

42 Subsidiaries' information

(a) Below is a summary of the principal subsidiaries of the Group

Entity name	Country of incorporation	Investment Currency	Nature of business	Issued share capital	Percentage interest held	Percentage interest held
					2019	2018
Operational subsidiaries						
Direct Shareholding						
Oando Logistics and Services Limited	United Kingdom	GBP	Logistics and services	1	100%	100%
Oando Resources Limited	Nigeria	Naira	Exploration and Production	2,500,000	100%	100%
Oando Terminals and Logistics	Nigeria	Naira	Storage and haulage of petroleum products	2,500,000	100%	100%
Oando Trading DMCC	Dubai	Dirhams	Supply of crude oil and refined petroleum products	36,600,000	100%	100%
XRS 1	Cayman Island	USD	Investment company	50,000	100%	100%
Oando Trading Limited	Bermuda	USD	Supply of crude oil and refined petroleum products	3,500,000	100%	100%
Oando Equator Holdings Limited	Bermuda	USD	Financial holding company	12,000	100%	100%
Calabar Power Limited	Nigeria	Naira	Financial holding company	2,500,000	100%	100%
Oando Exploration and Production Limited	Nigeria	Naira	Exploration and Production	12,500,000	100%	100%
Oando Netherlands Holdings 2 Cooperative U.A	Netherlands	Euro	Financial holding company	-	100%	100%
Oando Netherlands Holdings 3 Cooperative U.A	Netherlands	Euro	Financial holding company	-	100%	100%
Oando E&P Holdings Limited	Canada	CDN\$	Financial holding company	792,228,566	12.03%	12.03%
Indirect Shareholding						
Ebony Oil and Gas South Africa Proprietary Limited	South Africa	Rand	Storage, Trading and Distribution of Petroleum and Gas Products	120	100%	100%
Royal Ebony Terminal Proprietary Limited	South Africa	Rand	Storage, Trading and Distribution of Petroleum and Gas Products	980	49%	49%
Ebony Trading Rwanda Limited	Rwanda	Rwandan Francs	Storage, Trading and Distribution of Petroleum and Gas Products	100,000,000	100%	100%
Petrad Mozambique Limitada	Mozambique	MZM	Storage, Trading and Distribution of Petroleum and Gas Products	200,000	100%	100%
XRS 11	Cayman Island	USD	Aviation	50,000	100%	100%
Churchill Finance C300-0462 Limited	Bermuda	USD	Aviation	1	100%	100%
Ebony Oil and Gas South Africa Proprietary Limited	South Africa	Rand	Storage, Trading and Distribution of Petroleum and Gas Products	120	100%	100%
Royal Ebony Terminal Proprietary Limited	South Africa	Rand	Storage, Trading and Distribution of Petroleum and Gas Products	980	49%	49%
Ebony Trading Rwanda Limited	Rwanda	Rwandan Francs	Storage, Trading and Distribution of Petroleum and Gas Products	100,000,000	100%	100%
Petrad Mozambique Limitada	Mozambique	MZM	Storage, Trading and Distribution of Petroleum and Gas Products	200,000	100%	100%
XRS 11	Cayman Island	USD	Aviation	50,000	100%	100%
Churchill Finance C300-0462 Limited	Bermuda	USD	Aviation	1	100%	100%
Oando E&P Holdings Limited	Canada	CDN\$	Financial holding company	792,228,566	67.90%	12.03%
Ebony Energy Limited	Uganda	UGND	Storage, Trading and Distribution of Petroleum and Gas Products	1,000,000	100%	1.00

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of Ordinary Shares held.

(b) Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group as at 31 December.

Summarised statement of profit or loss	Oando Energy Resources	
	2019 N'000	2018 N'000
Revenue	137,527,143	147,344,583
(Loss)/profit before income tax	(344,153,760)	3,418,816
Taxation	171,295,229	18,610,090
(Loss)/profit after taxation	(172,858,531)	22,028,906
Total comprehensive income	(172,858,531)	22,028,906
Non-controlling interest proportion	20.1%	20.7%
(Loss)/profit allocated to non-controlling	(35,257,254)	4,364,802
Dividends paid to non-controlling interests	-	-
Summarised statement of financial position		
Current:		
Asset	85,754,589	29,387,681
Liabilities	(391,182,313)	(297,249,918)
Net current liabilities	(305,427,724)	(267,862,237)
Non-current:		
Asset	760,846,363	880,310,617
Liabilities	(250,893,145)	(234,383,090)
Net non-current assets	509,953,218	645,927,527
Net assets	204,525,494	378,065,290
Accumulated non-controlling interest	38,117,179	76,018,202
Summarised cash flows		
Cash generated (used in)/from operations	(86,798,814)	105,557,147
Interest paid	(17,341,237)	(16,201,102)
Income tax paid	(1,436,261)	(29,095,845)
Net cash generated (used in)/from operating activities	(105,576,312)	60,260,200
Net cash used in investing activities	(21,222,866)	(30,880,304)
Net cash from/(used in) financing activities	135,789,088	(34,183,604)
Net increase/(decrease) in cash and cash equivalents	8,989,910	(4,803,708)
year	1,443,381	6,172,813
Exchange gains on cash and cash equivalents	9,950	74,276
Cash and cash equivalents at end of year	10,443,241	1,443,381

(c) Change in ownership interests in subsidiaries that do not result in a loss of control

On May 31, 2016, Ocean and Oil Development Partners Limited (OODP) exercised the option to convert the amount outstanding on their dollar denominated convertible notes of \$154,096,406.44 to 128,413,672 Ordinary Shares of Oando PLC's holding in OER under and pursuant to the terms of the Convertible Note Purchase Agreement dated 23 July 2014. Also, following the delisting of OER from TSX in May 2016, the institutional investors were bought over by Oando E&P and certain performance share units ("PSU") and stock options given to certain employees in May 2015 were accelerated and made to vest at transaction date. Consequently, the indirect percentage ownership in OER reduced from 93.73% (NCI: 6.27%) to 77.735 (NCI: 22.26%). The loss on deemed disposal has been recognised directly in equity.

Pursuant to the Amended and Restated Loan Agreement between West Africa Investment Limited (the "Lender" /"WAIL"), Goldeneye Energy Resources Limited (the "Borrower") and Oando PLC (the "Guarantor") dated March 31, 2016, on one hand; and another Amended and Restated Loan Agreement between Goldeneye Energy Resources Limited (the "Borrower"), Southern Star Shipping Co Inc. (the "Lender"/"SS") and Oando PLC (the "Guarantor") also dated 31 March 2016; Oando PLC provided financial guarantee to the Lenders to the tune of US\$32m (WAIL: US\$27m, SS: US\$5m). The essence of the loans was for the borrower to acquire shares owned by the Lenders in Oando E&P Holdings Limited (OEPH), a wholly owned subsidiary of Oando PLC. The Borrower agreed to repay the loans in 12 installments starting from March 2017.

The financial guarantee required Oando PLC to pay to the Lenders in its capacity as Guarantor, the loan amounts due (inclusive of accrued interest) if the Borrower is unable to pay while the Borrower is also required to transfer the relevant number of shares held in OEPH to the Guarantor or its Nominee in the event of default.

Upon failure by the Borrower to honor the repayment agreement, the Guarantor paid US\$ 6.1m (which represented principal plus accrued interest) to SS on October 4, 2017. On the same date, the borrower executed a share transfer instrument for the purpose of transferring all the shares previously acquired from SS to Calabar Power Limited, a wholly owned subsidiary of Oando PLC. Consequently, the Guarantor was discharged of the financial guarantee to SS.

Consequently, the indirect percentage ownership in OER increased from 77.735% (NCI: 22.26%) to 78.176% (NCI: 21.82%) in 2017.

On May 19, 2018, Oando PLC (through its subsidiary Calabar Power Limited) acquired 8,631,225 shares in OEPH from some non-controlling interests (NCI) who were paid a cash consideration of US\$1.20 per share in accordance with the plan of arrangement executed for some NCI following the delisting of OER in 2016. As a result, Oando PLC now owns 79.27% (2017: 78.18%) shares in OEPH.

On May 31, 2019, Goldeneye transferred 5,236,626 shares to Calabar Power for a consideration of \$13,349,083.59. This increased Oando PLC's percentage interest in OEPH to 79.93%.

The (loss)/gain on deemed disposal has been recognised directly in equity.

	Group 2019 N'000	Group 2018 N'000
Impact of change in ownership interests in subsidiaries that do not result in a loss of control is as analysed below:		
Consideration paid to from non-controlling interest	(4,815,548)	(3,728,691)
Decrease in non-controlling interest	2,486,073	4,536,210
Group's (loss)/gain on deemed disposal	(2,329,475)	807,519

43 (a) Financial instruments by category

	Financial assets at fair value through profit and loss	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
	N'000	N'000	N'000	N'000
GROUP -2019				
Assets per statement of financial position:				
Financial assets at fair value through profit or loss (FVPL)	48,223	-	-	48,223
Trade and other receivables **	-	118,897,923	-	118,897,923
Derivative financial assets	1,252,965	-	-	1,252,965
Restricted cash	-	5,863,527	-	5,863,527
Cash and cash equivalents	-	33,576,182	-	33,576,182
	1,301,188	158,337,632	-	159,638,820

** Excluding non-financial assets.

	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
	N'000	N'000	N'000
2019			
Liabilities per statement of financial position:			
Borrowings	-	362,166,476	362,166,476
Lease liabilities	-	22,962,128	22,962,128
Trade and other payables	-	340,230,378	340,230,378
	-	725,358,982	725,358,982

** Excluding non-financial liabilities.

	Financial instruments at fair value through profit and loss	Loans and receivables	Financial assets at fair value through other comprehensive income	Total
	N'000	N'000	N'000	N'000
2018				
Assets per statement of financial position:				
Financial assets at fair value through profit or loss (FVPL)	11,159,560	-	-	11,159,560
Non-current receivable	-	13,079,187	-	13,079,187
Trade and other receivables**	-	80,885,782	-	80,885,782
Derivative financial assets	1,853,245	-	-	1,853,245
Restricted cash	-	6,807,064	-	6,807,064
Cash and cash equivalents	-	10,914,741	-	10,914,741
	13,012,805	111,686,774	-	124,699,579

** Excluding non-financial assets.

	Financial instruments at fair value through profit	Financial liabilities at amortised cost	Total
	N'000	N'000	N'000
2018			
Liabilities per statement of financial position:			
Borrowings	-	210,901,318	210,901,318
Trade and other payables	-	257,835,503	257,835,503
	-	468,736,821	468,736,821

** Excluding non-financial liabilities.

	Financial assets at fair value through profit and loss	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
	N'000	N'000	N'000	N'000
COMPANY - 2019				
Assets per statement of financial position:				
Financial assets at fair value through profit or loss (FVPL)	45,644	-	-	45,644
Trade and other receivables**	-	137,605,550	-	137,605,550
Cash and cash equivalents	-	1,266,353	-	1,266,353
	45,644	138,871,903	-	138,917,547

** Excluding non-financial assets.

	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Total
	N'000	N'000	N'000
2019			
Liabilities per statement of financial position:			
Borrowings	-	106,199,440	106,199,440
Lease liabilities	-	29,887,468	29,887,468
Trade and other payables	-	205,765,590	205,765,590
	-	341,852,498	341,852,498

** Excluding non-financial liabilities.

	Financial instruments at fair value through profit and loss	Loans and receivables	Financial assets at fair value through other comprehensive income	Total
	N'000	N'000	N'000	N'000
2018				
Assets per statement of financial position:				
Financial assets at fair value through profit or loss (FVPL)	11,157,057	-	-	11,157,057
Non-current receivable	-	2,977,040	-	2,977,040
Trade and other receivables **	-	132,352,532	-	132,352,532
Cash and cash equivalents	-	1,635,634	-	1,635,634
	11,157,057	136,965,206	-	148,122,263

** Excluding non-financial assets.

	Financial instruments at fair value through profit and loss	Financial liabilities at amortised cost	Total
	N'000	N'000	N'000
2018			
Liabilities per statement of financial position:			
Borrowings	-	109,248,701	109,248,701
Trade and other payables	-	180,529,155	180,529,155
	-	289,777,856	289,777,856

** Excluding non-financial liabilities.

(b) Financial Instruments: Carrying values and fair values

Group	Carrying amounts		Fair values	
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Non-current receivables	-	13,079,187	-	15,653,269
Finance lease receivables	73,510,965	73,612,863	68,531,298	66,491,653
Derivative financial assets	1,252,965	1,853,245	1,252,965	1,853,245
Financial assets available for sale measured at the fair value	48,223	53,219	48,223	53,219
Lease liabilities	22,962,128	-	21,855,378	-
Borrowings	362,166,476	210,901,318	354,780,745	193,902,455
Company				
	2019 N'000	2018 N'000	2019 N'000	2018 N'000
Non-current receivables	-	2,977,040	-	2,977,040
Finance lease receivables	9,202,848	-	8,614,430	-
Financial assets available for sale measured at the fair value	45,644	50,716	45,644	50,716
Lease liabilities	29,887,468	-	28,237,217	-
Borrowings	106,199,440	109,248,701	114,972,107	99,878,270

44 Upstream activities

(a) Details of upstream assets

	Mineral rights acquisition	Land and building	Expl. costs and producing wells	Production Well	Oil and gas properties	Other fixed assets	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening NBV 1 January 2018							
Opening net book amount	7,813,981	65,580	22,106,383	293,451,958	5,469,609	775,120	329,682,631
Decommissioning costs (Note 34)	-	-	-	-	(6,296,520)	-	(6,296,520)
Additions	-	-	-	19,032,487	18,043,886	22,290	37,098,663
Transfer	-	-	-	(10,782,582)	11,237,329	(454,747)	-
Depreciation charge	(18,953)	-	(64,205)	(17,217,824)	(2,317,031)	(58,760)	(19,676,773)
Exchange difference	79,482	668	224,801	2,893,754	42,913	7,569	3,249,187
Year ended 31 December 2018	7,874,510	66,248	22,266,979	287,377,793	26,180,186	291,472	344,057,188
	Mineral rights acquisition	Land and building	Expl. costs and producing wells	Production Well	Oil and gas properties	Other fixed assets	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening NBV 1 January 2019							
Opening net book amount	7,874,510	66,248	22,266,979	287,377,793	26,180,186	291,472	344,057,188
Decommissioning costs (Note 34)	-	-	-	-	39,233,620	-	39,233,620
Additions	-	-	-	19,816,624	6,409,954	1,221,692	27,448,270
Depreciation charge	(23,148)	-	(78,126)	(22,029,865)	(4,621,423)	(129,310)	(26,881,872)
Exchange difference	10,871	93	30,651	248,313	4,305	(497)	293,736
Year ended 31 December 2019	7,862,233	66,341	22,219,504	285,412,865	67,206,642	1,383,357	384,150,942

See note 15 for inclusion of upstream assets in the Group's property, plant and equipment.

(b) Joint arrangements

The Group participates in various upstream exploration and production (E&P) activities through joint operations with other participants in the industry. Details of concessions are as follows:

	License	Operator	Working/Participating interest	Location	License type	Expiration date	Status
2019							
Oando Production and Development Company Limited	OML 56	Energia	45% participatory interest	Onshore	JV	January 31, 2023	Producing
Oando Akepo Limited	OML 90	Sogenal	30% participatory interest	Offshore	JV	May 15, 2018	Non- Producing
Exile Resources Nigeria Limited	OML 90	Sogenal	10% participatory interest	Offshore	JV	May 15, 2018	Non- Producing
Oando Qua Ibo Limited	OML 13	Network Exploration and Production Company Limited	40% working interest	Onshore	JV	March 13, 2025	Producing
Oando Oil Limited	OML 60, 61, 62 and 63	Nigeria Agip Oil Company Limited	20% working interest	Onshore	JV	July 22, 2027	Producing
Oando Deepwater Exploration Nigeria Limited	OML 145	ExxonMobil	20% working interest	Offshore	PSC	June 12, 2034	Non- Producing
Oando 131 Limited	OML 131	Oando 131 Limited	95% participatory interest	Offshore	PSC	April 13, 2025	Non- Producing
Medal Oil Company Limited	OML 131	Oando 131 Limited	5% participatory interest	Offshore	PSC	April 13, 2025	Non- Producing
Equator Exploration Nigeria 323 Limited	OPL 323	KNOC	30% participating interest	Offshore	PSC	March 10, 2036	Non- Producing
Equator Exploration Nigeria 321 Limited	OPL 321	KNOC	30% participating interest	Offshore	PSC	March 10, 2036	Non- Producing
Equator Exploration (OML 122) Limited	OML 122	PEAK	Carried interest of 5% in the Bilabri oil project and a paying interest of 12.5% in any gas development	Offshore	PSC	Sept. 13, 2021	Non- Producing
Equator Exploration STP Block 5 Limited	Block 5	Kosmos Energy	20% participating interest	Offshore	PSC	May 13, 2043	Non- Producing
Equator Exploration STP Block 12 Limited	Block 12	Kosmos Energy	22.5% participating interest	Offshore	PSC	February 22, 2044	Non- Producing

45 **Going concern**

The Company recorded total comprehensive loss for the year-ended 31 December 2019 of N63.2 billion (2018: comprehensive loss of N18.3 billion) and negative operating cash flows of N5.3 billion (2018: negative operating cash flows of N2.4 billion). As at that date, the Company also recorded net current liabilities of N163.2 billion (2018: net current liabilities of N63 billion) and net liabilities of N128.8 billion (2018: net liabilities of N60.9 billion). The Group recorded total comprehensive loss for the year ended 31 December 2019 of N200.6 billion (2018: total comprehensive income of N38.1 billion) and negative operating cash flows of N123.2 billion (2018: positive operating cash flows of N58.1 billion). As of that date, the Group also recorded net current liabilities of N432.8 billion (2018: net current liabilities of N318.5 billion).

The Group recorded negative production variances in 2020 and 2021 respectively mainly due to sabotage, a phenomenon faced by all oil producing companies in Nigeria. There was also unexpected fall in crude oil prices due to the impact of the occurrence and continuance of the novel COVID-19 over the two years. These factors contributed to the Group's inability to generate planned revenues, operating cash flows and achievement of repayment of borrowings during the period.

For the year ended 31 December 2020, the Company and Group recorded unaudited: total comprehensive loss, net current liabilities, and net liabilities. Also, for the year ended 31 December 2021, the Company continue to record unaudited: total comprehensive loss, negative operating cash flows, unaudited net current liabilities and net liabilities while the Group recorded unaudited: total comprehensive income, positive operating cash flows, net current liabilities and net liabilities.

The Group was unable to achieve timely repayment of the Medium-Term Loan ("MTL") and the Corporate Facility ("CF") and payables which were due on 31 December 2019. Owing to this, the outstanding loan amount of N173.2 billion from the MTL and CF became repayable effective on that date. After the year-end, the Group has continued to incur significant level of borrowings, whose use include funding of operations, partial repayment of debt and completion of the settlement of shareholder dispute. The Group's outstanding borrowing stood at N388.8 billion (unaudited) excluding interest as of 30 April 2022. N65.2 billion out of the N388.8 billion is due within twelve months, while N173.2 billion has been outstanding since 31 December 2019. The unpaid interest was N45.9 billion (unaudited) as of 30 April 2022.

The Group has forecast that it will return to profitability by 2023 but the forecast is highly dependent on stability of crude oil prices within the current range, ability to engage in activities that will increase production volume and revenues from OML 60-63 through execution of approved well workover activities, intensified security surveillance to arrest crude oil theft and substantial repayment of the current borrowings using the proceed of a planned capital raise in 2023, thereby reducing interest cost in order to achieve agreed interest cover.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's and Group's ability to continue as a going concern and, therefore may be unable to realize its assets and discharge its liabilities in the normal course of business.

The outstanding borrowings of N65.2 billion and N173.2 billion mentioned above are part of the funding gap of N250 billion in the Group forecast for the year ended 31 December 2022. To bridge this gap, management has started the implementation of a key strategic initiative to recapitalize the Company by making plans to raise up to N172.7 billion (\$415 million) through a private placement, a rights issue, or any other suitable capital-raise method on or before 31 December 2023. This initiative is at an early stage, as management has only engaged a Financial Advisor to provide financial advice and assistance in connection with the initiative. If this initiative is successful, it will significantly reduce the Group's outstanding borrowings by N172.7 billion and the related interest cost by N30 billion in the Statement of profit or loss, thereby increasing profitability. However, management is uncertain on the exact timing and extent of achievement of the capital-raise.

Resolving the short-term liquidity concerns of needing to repay the borrowings which are due within twelve months and to raise capital on or before 31 December 2023 to achieve partial payment by N172.7 billion, which will reduce the interest cost by N30 billion, is of urgent concern, yet the ability to raise the capital is uncertain to the Group. In addition, the profitability of the Group is in turn dependent on this same issue due to the significant impact of interest cost on the ability of the entity to be profitable which is also further dependent on the matters noted earlier relating to the improvement of revenue volumes.

The consolidated and separate financial statements have been prepared based on accounting principles applicable to a going concern. This basis presumes that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

46 Transition disclosures

This note explains the impact of the adoption of IFRS 16: Leases on the consolidated and separate financial statements of the Group.

The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance of equity on 1 January 2019. The new accounting policies are disclosed in note 5g.

(a) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- leases with a remaining lease term of one year with no extension commitments as at 1 January 2019 were treated as short-term leases.
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- electing not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

On adoption of IFRS 16, for lease contracts where the Group is the lessee, the Group recognised right of use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17. The liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 13.56%.

For lease contracts where the Group is the lessor, the Group reassessed the classification of some of the existing sublease contracts previously classified as operating leases under the previous reporting standard (IAS 17). For subleases that were concluded to be finance leases under IFRS 16, they have been accounted for as new finance leases entered into at the date of initial application.

(b) Impact on the financial statements

The following table summarises the impact of the transition to IFRS 16 on the statement of financial position as at 1 January 2019 for each affected individual line item. Line items that were not affected by the changes have not been included. The adoption of IFRS 16 had an impact on opening equity as at 1 January 2019.

GROUP	Impact of IFRS 16			
	As at 31 Dec 2018 N'000	Reclassification N'000	Remeasurement N'000	As at 1 Jan 2019 N'000
Assets				
Right-of-use assets	-	517,496	29,492,939	30,010,435
Prepayment (Leases)	517,496	(517,496)		-
	517,496	-	29,492,939	30,010,435
Liabilities				
Non-current				
Lease liabilities	-	-	22,902,123	22,902,123
Other liabilities -Provision for restoration costs	-	-	186,424	186,424
Current				
Lease liabilities	-	-	11,135,060	11,135,060
	-	-	34,223,607	34,223,607

	Impact of IFRS 16		
	As at 31 Dec 2018 N'000	Reclassification N'000	Remeasurement N'000
Equity			
Retained earnings	-	-	(4,730,668)
	-	-	(4,730,668)

COMPANY

	Impact of IFRS 16		
	As at 31 Dec 2018 N'000	Reclassification N'000	Remeasurement N'000
Assets			
Right-of-use assets	-	432,908	25,009,630
Prepayment (Leases)	432,908	(432,908)	-
Finance lease receivables	-	-	13,356,502
	432,908	-	38,366,132
			38,799,040
Liabilities			
Non-current			
Lease liabilities	-	-	29,827,095
Other liabilities -Provision for restoration costs	-	-	186,424
Current			
Lease liabilities	-	-	13,083,281
	-	-	43,096,800
			43,096,800
Equity			
Retained earnings	-	-	(4,730,668)
	-	-	(4,730,668)

i) Reconciliation of lease liabilities as at 1 January 2019

	Group N'000	Company N'000
Operating lease commitments disclosed as at 31 December 2018	-	-
Add/(less): adjustments as a result of a different treatment of extension and termination options	34,037,183	42,910,376
Lease liabilities recognised as at 1 January 2019	34,037,183	42,910,376
Current lease liabilities	11,135,060	13,083,281
Non-current lease liabilities	22,902,123	29,827,095
	34,037,183	42,910,376

*Short term leases relate to leases of residential buildings, land and office buildings with contractual lease term of less than or equal to 12 months at the date of initial application of IFRS 16. At the end of the reporting period, rental expense of N12.7 million (\$35,060) was recognised within operating expenses for these leases. The Group's future cash outflows from short term lease commitments at the end of the reporting period was nil as the leases are paid for one month in advance.

ii) Right of use assets as at 1 January 2019

The associated right-of-use assets for leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018 except for the office building leased by Oando PLC from OWDL (full method was adopted). There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

	Group N'000	Company N'000
Buildings	30,010,435	25,442,538
Aircraft	-	-
Total Right-of-use assets	30,010,435	25,442,538

(c) This note provides information for leases where the Group is a lessee.

(i) Right-of-use assets

	Group Buildings N'000	Company Buildings N'000
Opening balance as at 1 January 2019	30,010,435	25,442,538
Modification*	(9,939,678)	(8,894,918)
Exchange difference on translation	13,718	-
Closing balance as at 31 December 2019	20,084,475	16,547,620
Depreciation		
Opening balance as at 1 January 2019	-	-
Charge for the period (Note 10b, 37a)	3,810,698	3,088,661
Exchange difference on translation	6,371	-
Closing balance as at 31 December 2019	3,817,069	3,088,661
Net book value as at 31 December 2019	16,267,406	13,458,959

(ii) Lease liabilities

	Group N'000	Company N'000
Opening balance as at 1 January 2019	34,037,183	42,910,376
Additions during the period	-	-
Interest expense	3,633,835	4,547,894
Payments made during the period	(4,765,827)	(7,618,855)
Modification*	(9,939,678)	(9,939,678)
Exchange difference	(3,385)	(12,269)
Net book value as at 31 December 2019	22,962,128	29,887,468
Current lease liabilities	3,344,733	7,219,371
Non-current lease liabilities	19,617,395	22,668,097
	22,962,128	29,887,468

*The modification above relates to a revision in consideration with regards to the office space and parking bays leased by Oando PLC from OWDL as of 1 November 2019.

(iii) Amounts recognised in the statement of profit or loss

	Group N'000	Company N'000
Depreciation charge of right-of-use assets (Note 10b)	3,810,698	3,088,661
Interest expense (included in finance cost) (Note 12a)	3,633,835	4,547,894
Interest income (included in finance income) (Note 12a)	(8,371,235)	(1,319,161)
Variable lease payments not included in the measurement of lease liabilities	-	143,465
Expense relating to short-term leases (included in operating expenses)	12,691	-
	(914,011)	6,460,859

(iv) Amounts recognised in the statement of cash flows

	Group N'000	Company N'000
Total cash outflow for leases	(4,765,827)	(7,618,855)

(v) Maturity analysis – contractual undiscounted cash flows

	Group N'000	Company N'000
Less than 1 year	5,758,962	10,305,125
1 - 2 years	9,173,329	12,445,057
2 - 5 years	14,165,174	14,086,044
More than 5 years	3,645,075	3,645,076
Total undiscounted lease liabilities at 31 December 2019	32,742,540	40,481,302

(d) This note provides information for leases where the Group is a lessor

The Group sub-leases office spaces which is part of a leased building. The Group has classified some of the sub-leases as operating leases where the sub-lease is not for the whole of the remaining term of the head lease and the Group has classified some of the sub leases as finance leases where the sub-lease is for a substantial part of the remaining term of the head lease.

Lease income from lease contracts in which the Group acts as a lessor is as shown below:

Finance lease receivables

	Group N'000	Company N'000
Finance income on the lease	-	1,319,161

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

Finance lease receivables

	Group N'000	Company N'000
Less than 1 year	8,361,607	4,797,544
1 - 2 years	17,355,657	4,316,227
2 - 5 years	27,695,944	1,683,253
More than 5 years	42,922,349	435,579
Total undiscounted lease payments receivable at 31 December 2019	96,335,557	11,232,603

Oando PLC
Consolidated and Separate Financial Statements
Value Added Statement
For the year ended 31 December 2019

Group	2019 N'000	%	2018 N'000	%
Turnover	576,571,857		679,465,339	
Other (expense)/income	(2,609,514)		11,006,460	
Interest received	8,972,892		10,265,496	
	<u>582,935,235</u>		<u>700,737,295</u>	
Bought in goods and services				
- Local purchases	(768,746,463)		(412,668,201)	
- Foreign purchases	(104,080,733)		(203,620,603)	
Value (eroded)/added	<u>(289,891,961)</u>	<u>100</u>	<u>84,448,491</u>	<u>100</u>
Distributed as follows				
Employees				
- To pay salaries and wages and other staff costs	10,039,872	(3)	11,029,287	13
Government				
- To pay tax	(10,720,131)	4	(10,064,345)	(12)
Providers of capital				
- To pay dividend	-		-	
- To pay interest on borrowings	49,685,371	(17)	42,706,619	51
Non-controlling interest	(35,655,723)	12	3,356,096	4
Maintenance and expansion of assets				
- Deferred tax	(159,616,546)	55	(7,545,278)	(9)
- Depreciation	28,196,236	(10)	20,533,171	24
- Retained in the business	(171,821,040)	59	24,432,941	29
Value distributed	<u>(289,891,961)</u>	<u>100</u>	<u>84,448,491</u>	<u>100</u>
Company	2019 N'000	%	2018 N'000	%
Turnover	424,734,190		488,518,160	
Other Income	1,051,421		2,652,401	
Interest received	1,784,166		1,819,411	
	<u>427,569,777</u>		<u>492,989,972</u>	
Bought in goods and services				
- Local purchases	(395,007,708)		(355,061,894)	
- Foreign purchases	(72,592,041)		(137,285,069)	
Value (eroded)/added	<u>(40,029,972)</u>	<u>100</u>	<u>643,009</u>	<u>(100)</u>
Distributed as follows				
Employees				
- To pay salaries and wages and other staff costs	548,835	(2)	454,315	71
Government				
- To pay tax	1,061,835	(3)	626,567	97
Providers of capital				
- To pay dividend	-		-	-
- To pay interest on borrowings	21,192,274	(53)	17,582,406	2,734
Maintenance and expansion of assets				
- Deferred tax	-	-	-	-
- Depreciation	319,138	(1)	301,598	47
- Retained in the business	(63,152,054)	159	(18,321,877)	(2,849)
Value distributed	<u>(40,029,972)</u>	<u>100</u>	<u>643,009</u>	<u>100</u>

Oando PLC
Consolidated and Separate Financial Statements
Five-Year Financial Summary (2015 - 2019)

GROUP	2019 N'000	2018 N'000	2017 N'000	2016 N'000	2015 N'000
Property, plant and equipment	394,228,600	355,020,085	343,466,113	293,541,702	223,130,072
Intangible exploration assets, other intangible assets and goodwill	270,871,563	432,321,760	426,866,570	361,530,468	254,715,745
Right of use asset	16,267,406	-	-	-	-
Investment properties	2,808,000	1,033,000	1,033,000	-	-
Deferred income tax assets	3,595,526	45,093,156	46,108,713	44,758,179	35,042,529
Financial assets at fair value through profit or loss	-	11,106,341	-	-	-
Financial assets available for sale	-	-	-	2,867	5,067
Investments accounted for using the equity method	1,782,799	6,424,732	7,540,014	10,653,425	2,530,813
Other non-current assets	79,539,060	93,992,819	108,221,428	90,350,582	74,298,769
Net current liabilities	(432,781,068)	(318,484,290)	(293,123,502)	(263,760,105)	(260,443,505)
Assets/(liabilities) of disposal group classified as held for sale	-	(1,162,585)	-	(2,472,438)	(23,492,732)
Non current borrowings	(130,635,428)	(76,848,651)	(99,587,920)	(101,639,606)	(55,998,437)
Deferred income tax liabilities	(12,657,924)	(214,662,084)	(222,207,944)	(198,908,983)	(155,907,424)
Other non-current liabilities	(126,010,815)	(56,717,572)	(54,880,692)	(41,711,512)	(42,986,971)
	67,007,719	277,116,711	263,435,780	192,344,579	50,893,926
Share capital	6,215,706	6,215,706	6,215,706	6,017,309	6,017,309
Share premium	176,588,527	176,588,527	176,588,527	174,806,923	174,806,923
Retained earnings	(304,753,294)	(126,534,432)	(138,677,099)	(151,868,568)	(199,723,265)
Other reserves	150,856,601	144,604,935	131,475,022	93,407,737	55,750,740
Non controlling interest	38,100,179	76,241,975	87,833,624	69,981,178	14,042,219
	67,007,719	277,116,711	263,435,780	192,344,579	50,893,926
Revenue from contract with customers	576,571,857	679,465,339	497,562,993	467,091,722	381,740,752
(Loss)/profit before income tax	(377,414,971)	11,188,120	27,068,142	(32,394,054)	(51,136,898)
Income tax credit/(expense)	170,336,677	17,609,623	(7,295,366)	36,306,661	1,447,021
(Loss)/profit for the year	(207,078,294)	28,797,743	19,772,776	3,912,607	(49,689,877)
Per share data					
Weighted average number of shares	12,431,412	12,431,412	12,406,408	12,034,618	11,940,150
Basic and diluted (loss)/earnings per share (Naira)	(14)	2	1	0	(4)
Dividends per share (Naira)	-	-	-	-	-

Oando PLC
Consolidated and Separate Financial Statements
Five-Year Financial Summary (2015 - 2019)

COMPANY	2019 N'000	2018 N'000	2017 N'000	2016 N'000	2015 N'000
Property, plant and equipment	1,696,350	1,705,378	1,507,722	379,819	511,583
Intangible exploration assets, other intangible assets and goodwill	613,534	-	-	182,151	283,082
Right of use asset	13,458,959	-	-	-	-
Investment properties	2,808,000	1,033,000	1,033,000	-	-
Investments accounted for using the equity method	2,716,431	2,716,431	2,716,431	15,500,552	2,716,431
Financial assets at fair value through profit or loss	-	11,106,341	-	-	-
Financial assets available for sale	-	-	-	2,867	5,067
Investment in subsidiaries	26,638,421	51,932,598	55,368,549	55,373,649	61,424,349
Other non-current assets	9,367,416	3,470,745	9,365,366	14,400,934	254,978
Net current liabilities	(163,203,658)	(63,007,394)	6,821,651	20,370,405	(32,778,930)
Assets/(liabilities) of disposal group classified as held for sale	-	-	-	2,500	16,359,269
Non current borrowings	-	(69,856,667)	(87,320,834)	(87,320,834)	(1,734,773)
Other non-current liabilities	(22,877,743)	-	-	(782,416)	(850,598)
	(128,782,290)	(60,899,568)	(10,508,115)	18,109,627	46,190,458
Share capital	6,215,706	6,215,706	6,215,706	6,017,309	6,017,309
Share premium	176,588,527	176,588,527	176,588,527	174,806,923	174,806,923
Retained earnings	(311,586,523)	(243,703,801)	(193,330,038)	(162,714,605)	(134,633,774)
Other reserves	-	-	17,690	-	-
	(128,782,290)	(60,899,568)	(10,508,115)	18,109,627	46,190,458
Revenue from contract with customers	424,734,190	488,518,160	-	10,234,612	8,452,665
Loss before income tax	(62,090,219)	(17,695,310)	(30,599,529)	(27,934,427)	(56,325,673)
Income tax expense	(1,061,835)	(626,567)	(15,904)	(146,405)	(241,499)
Loss for the year	(63,152,054)	(18,321,877)	(30,615,433)	(28,080,832)	(56,567,172)
Per share data					
Weighted average number of shares	12,431,412	12,431,412	12,406,408	12,034,618	11,940,150
Basic and diluted (loss)/earnings per share (Naira)	(5)	(1)	(2)	(2)	(5)
Dividends per share (Naira)	-	-	-	-	-