TotalEnergies EP Nigeria CPFA Limited

Annual Report

For the year ended 31 December 2022

Contents

Corporate information

Registration Number: RC 434041

Directors:	**Date Appointed/(Resigned)**	
George Oguachuba		(Chairman)
Ifeanyi Ani	(16th November, 2022)	(Managing Director)
Benjamin Okorie-Agidi	17th November, 2022	(Managing Director)
Frederick Asasa	15th July, 2022	
Oluwole Oladimeji	1st November, 2022	
Augustine Okpako		
Oluwaseun Orimolade		
Ludovic Rossiaud		(French)
Olutola Mobolurin		(Independent Director)
Evi Ifekwe		
Victor Ibeawuchi		
Anthony Abolarin		
Olalere Babasola	(31st October, 2022)	
Tai Oshisanya	(31st March, 2022)	

Company Secretary:

Ayodele Afolabi
35. Kofo Abayomi Street
Victoria Island, Lagos

Registered and Principal Office:

35. Kofo Abayomi Street
Victoria Island, Lagos

Auditor:

Ernst & Young
10th and 13th Floor, UBA House,
57 Marina, Lagos

Principal Banker:

Guaranty Trust Bank Plc
47, Trans-Amadi Industrial Layout
Port-Harcourt
Rivers State

Solicitors:

Templars
5th Floor, The Octagon, 13A A.J.
Marinho Dr
Lagos

Banwo and Ighodalo
Afri-Investment House,
50 Aguiyi Ironsi Street,
Maitama, Abuja

Jackson, Etti & Edu
RCO Court, 3-5 Sinari Daranijo Street,
Off Ajose Adeogun,
Victoria Island, Lagos

Solana and Akpana
12 Igbodo Street, Old G.R.A.
Port Harcourt, Nigeria

Olaniwun Ajayi LP
The Adunola, Plot L2 Banana Island,
Ikoyi, Lagos

Directors' report
For the year ended 31 December 2022

The directors present their annual report on the affairs of TotalEnergies EP Nigeria CPFA Limited ("the Company"), together with the financial statements and auditor's report for the year ended 31 December 2022.

Legal form and principal activity

TotalEnergies EP Nigeria CPFA Limited was incorporated as a private limited liability company on 8 November 2001 and it commenced operations on 6 March 2002. The Company is duly licensed by the National Pensions Commission (PenCom) as a Closed Pension Fund Administrator (CPFA) in accordance with the amended Trust Deed and Regulation set up in 2001 by the scheme sponsor, TotalEnergies EP Nigeria CPFA Nigeria (TEPNG) subject to the provisions of the Pension Reform Act 2014 (PRA 2014).

The Company acts as the sole trustee in administering the affairs of the TotalEnergies EP Nigeria Staff (Non-Contributory) Pension Fund (the “Fund”), a Scheme domiciled in Nigeria and registered in Nigeria under the Pension Reforms Act 2014 as amended. The address of the Company’s registered office is No. 35 Kofo Abayomi Street, Victoria Island Lagos.

Statement of corporate governance

TotalEnergies EP Nigeria CPFA Limited is committed to being an effective and accountable Company and its Board of Directors recognise the role of a proper governance framework and effective guidelines and procedures, policies and processes in the efficient administration of the Company towards the achievement of its objectives. A Statement of Corporate Governance Guidelines has been established in line with the regulatory framework established by the National Pension Commission (PenCom) and demonstrates TotalEnergies EP Nigeria CPFA Limited's commitment to applying best business practices and ethical standards in all aspects of its operations.

Operating results

The following is a summary of the Company's operating results:

In Nigerian Naira	**31 Dec 2022**	**31 Dec 2021**
Loss before Income Tax	(69,442,535)	(45,224,797)
Income Tax	(173,099)	(232,490)
Minimum tax expense	(11,390,182)	(4,491,908)
Loss after Tax	(81,005,816)	(49,949,195)
Accumulated losses, beginning of year	(431,434,167)	(381,484,972)
Accumulated losses, end of year	**(512,439,982)**	**(431,434,167)**
Loss Per Share	(8.10)	(4.99)
Diluted Loss Per Share	(8.10)	(4.99)

Directors and their interests

The directors who served during the year were as follows:

		Date Appointed/(Resigned)
George Oguachuba	(Chairman)	
Ifeanyi Ani	(Managing Director)	(16th November, 2022)
Benjamin Okorie-Agidi	(Managing Director)	17th November, 2022
Frederick Asasa		15th July, 2022
Oluwole Oladimeji		1st November, 2022
Augustine Okpako		
Oluwaseun Orimolade		
Ludovic Rossiaud	(French)	
Olutola Mobolurin	(Independent Director)	
Evi Ifekwe		
Victor Ibeawuchi		
Anthony Abolarin		
Olalere Babasola		(31st October, 2022)
Tai Oshisanya		(31st March, 2022)

In accordance with the disclosure requirements of Section 301 of the Companies and Allied Matters Act, 2020, the directors do not have interests in the Company.

In accordance with Section 303 of the Companies and Allied Matters Act, 2020, none of the directors has notified the Company of any declarable interests in contracts with the Company.

Dividend

The Board of directors did not propose any dividend for the current year (2021: nil).

Directors' report
For the year ended 31 December 2022 - Continued

Shareholding structure
In Nigerian Naira

	2022		2021	
	No. of shares	**%**	**No. of shares**	**%**
TotalEnergies EP Nigeria Limited(TEPNG)	9,900,000	99%	9,900,000	99%
TotalEnergies Upstream Nigeria Limited	100,000	1%	100,000	1%
	10,000,000	**100%**	**10,000,000**	**100%**

Property & equipment

Information relating to changes in property & equipment is disclosed in Note 17 to the financial statements. In the Directors' opinion, the realisable value of the Company's property and equipment is not less than the carrying value shown in the financial statements.

Charitable Donations

The Company made no donation to charitable organisations during the year (2021: Nil). In accordance with Section 43 (2) of the Companies and Allied Matters Act 2020, the Company did not make any donation or gift to any political party, political association or for any political purpose in the course of the year (2021: Nil)

Events after the reporting date

Refer to Note 29 to the financial statements for disclosure relating to events subsequent to the reporting date.

Employment and Employees

The Company had 14 (2021: 17) employees in the year. Other officers of the Company are employees of companies within the TotalEnergies Group seconded to the Company.
The directors (with the exception of Mr. Anthony Abolarin who is a representative of the Retirees and Mr. Olutola Mobolurin, who is an independent Director) are full time employees of companies within the TotalEnergies Group.
The Company's policy on employment of physically challenged persons, training and welfare of employees are outlined below:

(a) Employment of physically challenged persons

In accordance with its policy of providing employment opportunities to all citizens without discrimination, the Company's employment application form is framed in such a way that only the applicant's personal data and educational qualifications are stated. Equal opportunity is given to all applicants. The Company had no physically challenged persons in its employment as at 31 December 2022 (2021: nil).

(b) Employees Health, Safety and Welfare

The Company places a high premium on the health, safety and welfare of its employees at their place of work. Respect for the environment and safeguarding of assets are essential to the efficient operations of the Company's activities. The Company keeps employees informed about any inherent risks and hazards on assignments and trains employees in all aspects of health, safety and environment matters. The Company provides staff welfare schemes, which are comparable to similar schemes in other companies. The Company maintains an insured Healthcare Scheme through which medical treatment is available to all employees.

(c) Employee Consultation and Training

The Company is committed to keeping the employees informed, as far as possible regarding the Company's performance and progress. Opinions and suggestions of staff members are sought and considered not only on matters affecting them as employees but also on general business of the Company. The Company places a high premium on the development of its manpower. Consequently, training programs are tailored to suit the requirements of both employees and the Company.

Auditors

Messrs Ernst & Young has expressed their willingness to continue in office as the Company's auditor in accordance with Section 401(2) of the Companies and Allied Matters Act 2020.

BY ORDER OF THE BOARD

Ayodele AFOLABI (FRC/2020/002/00000020582)
Secretary to the Board
Lagos, Nigeria

28th April, 2023.

Statement of Directors' responsibilities in relation to the preparation of the Financial Statements

The Companies and Allied Matters Act 2020 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss and other comprehensive income. The responsibilities include ensuring that the Company:

- keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company, and comply with the requirements of the Companies and Allied Matters Act 2020, the Investment and Securities Act 2007, and the Financial Reporting Council of Nigeria Act, No. 6, 2011.

- establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities and;

- prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments 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 judgments and estimates, in conformity with the International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020, the Pension Reform Act of Nigeria, 2014 and the National Pension Commission (PENCOM) guidelines and in compliance with the Financial Reporting Council of Nigeria Act, No. 6, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the financial position and the financial performance of the Company as of and for the year ended 31 December 2022. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Signature

Benjamin Okorie-Agidi
Name

FRC/2023/PRO/DIR/003/159369
FRC Number

28th April, 2023.
Date

Signature

Oluwole Oladimeji
Name

FRC/2023/PRO/ICAN/070/535230
FRC Number

28th April, 2023.
Date

Statement of Corporate Responsibility for the Financial Statements

Further to the provisions of section 405 of the Companies and Allied Matters Act 2020, we, the undersigned, hereby certify the following with regards to our audited financial statements for the year ended December 31, 2022 that:

(i) We have reviewed the report and to the best of our knowledge, the report does not contain:

- Any untrue statement of a material fact, or

- Omission to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;

- To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of, and for the years presented in the report.

(ii) We

- are responsible for establishing and maintaining internal controls.

- have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;

- have evaluated the effectiveness of the Company's internal controls as of date of the report;

- have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

(iii) We have disclosed to the auditor of the Company

- all significant deficiencies in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weakness in internal controls, and

- Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;

We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Signature	Signature
Benjamin Okorie-Agidi	Gideon Ewoh
Name	Name
FRC/2023/PRO/DIR/003/159369	FRC/2018/ICAN/00000017842
FRC Number	FRC Number
28th April, 2023.	**28th April, 2023.**
Date	**Date**

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Lagos, Nigeria

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INDEPENDENT AUDITOR’S REPORT
TO THE SHAREHOLDERS OF TOTALENERGIES EP NIGERIA CPFA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TotalEnergies EP Nigeria CPFA Limited ("the Company") which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of TotalEnergies EP Nigeria CPFA Limited as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the provisions of the Companies and Allied Matters Act, 2020, the Pension Reform Act 2014, the National Pension Commission (PENCOM) guidelines 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 Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ 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 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.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "TotalEnergies EP Nigeria CPFA Limited Annual Report for the year ended 31 December 2022", which includes Corporate Information, Directors’ Report, Statement of Directors’ Responsibilities in Relation to the Preparation of the Financial Statements, Statement of Corporate Responsibility for the Financial Statements, and Other National Disclosures which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF TOTALENERGIES EP NIGERIA CPFA LIMITED – Continued

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the provisions of the Companies and Allied Matters Act, 2020, the Pension Reform Act 2014, the National Pension Commission (PENCOM) guidelines 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TOTALENERGIES EP NIGERIA CPFA LIMITED – Continued

Auditor's Responsibilities for the Audit of the Financial Statements – Continued

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, 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 Company, in so far as it appears from our examination of those books;

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0091144

Kanayo Echena, FCA
FRC/2012/ICAN/00000000150

For: Ernst & Young
Lagos, Nigeria
3 May 2023

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2022

In Nigerian Naira	**Note**	**2022**	**2021**
Administrative fee	*8*	2,302,301,030	1,888,161,083
Other income	*9*	2,046,386	375,940
Finance income	*10*	1,384,792	1,937,415
Revenue		**2,305,732,208**	**1,890,474,438**
General administration expenses	*11*	(491,671,110)	(410,648,978)
Personnel expenses	*12*	(1,810,629,920)	(1,477,512,104)
Depreciation	*13*	(29,888,321)	(23,197,721)
Amortization	*14*	(42,985,392)	(24,340,432)
Operating expenses		**(2,375,174,743)**	**(1,935,699,235)**
Loss before minimum tax and income tax		**(69,442,535)**	**(45,224,797)**
Minimum tax	*15(a)*	(11,390,182)	(4,491,908)
Loss before income tax		**(80,832,717)**	**(49,716,705)**
Income tax	*15(a)*	(173,099)	(232,490)
Loss for the year		**(81,005,816)**	**(49,949,195)**
Other comprehensive income for the year, net of income tax		-	-
Total Comprehensive loss for the year		**(81,005,816)**	**(49,949,195)**
Loss Per Share		(8.10)	(4.99)
Diluted Loss Per Share		(8.10)	(4.99)

The accompanying notes are an integral part of these financial statements.

Statement of financial position
As at 31 December 2022

In Nigerian Naira	Notes	2022	2021
Assets			
Cash and cash equivalents	*20*	416,261,191	390,614,982
Prepayment and other receivables	*19*	52,784,149	29,350,379
Property and equipment	*17*	87,958,436	39,090,375
Intangible assets	*18*	99,049,819	88,263,600
Total assets		**656,053,595**	**547,319,336**
Equity			
Share capital	*21*	5,000,000	5,000,000
Accumulated Losses	*22*	(327,074,384)	(246,068,568)
Special Reserve	*23*	517,055,786	384,527,794
Total equity		**194,981,402**	**143,459,226**
Liabilities			
Other liabilities	*24*	449,557,318	399,135,712
Tax liabilities	*15*	11,514,875	4,724,398
Total liabilities		**461,072,193**	**403,860,110**
Total equity and liabilities		**656,053,595**	**547,319,336**

These financial statements were approved by the Board of Directors on 28th April 2023 and signed on its behalf by:

Benjamin Okorie-Agidi (Managing Director)
FRC/2023/PRO/DIR/003/159369

Oluwole Oladimeji (Director)
FRC/2023/PRO/ICAN/070/535230

Additionally certified by

Gideon Ewoh
Chief Financial Officer
FRC/2018/ICAN/00000017842

The accompanying notes are an integral part of these financial statements.

Statement of changes in equity

As at 31 December 2022

	Attributable to equity holders of the Company			
In Nigerian Naira	**Share capital**	**General reserve**	**Special reserve**	**Total equity**
Balance at 1 January 2021	5,000,000	(196,119,373)	351,073,122	159,953,749
Loss for the year	-	(49,949,195)	-	(49,949,195)
Contribution by owners of the company	-	-	33,454,672	33,454,672
Balance at 31 December 2021	**5,000,000**	**(246,068,568)**	**384,527,794**	**143,459,226**
Balance at 1 January 2022	5,000,000	(246,068,568)	384,527,794	143,459,226
Loss for the year	-	(81,005,816)	-	(81,005,816)
Contribution by owners of the company	-	-	132,527,992	132,527,992
Balance at 31 December 2022	**5,000,000**	**(327,074,384)**	**517,055,786**	**194,981,402**

The accompanying notes are an integral part of these financial statements.

Statement of cash flows
For the year ended 31 December 2022

In Nigerian Naira	Note	2022	2021
Cash flows from operating activities			
Loss before tax		(69,442,535)	(45,224,797)
Adjustments for:			
Unrealised exchange gain	*9*	(2,046,386)	(375,940)
Depreciation	*13*	29,888,321	23,197,721
Amortization	*14*	42,985,392	24,340,432
		1,384,792	**1,937,416**
Changes in Working Capital:			
- (Increase)/decrease in prepayment and other receivables		(23,433,770)	78,747,208
- Increase/(decrease) in Other liabilities		50,421,606	(11,475,186)
Income tax paid	*15(b)*	(4,772,804)	(4,466,272)
Net cash generated from operating activities		**23,599,824**	**64,743,166**
Cash flows from investing activities			
Purchase of Property & equipment	*17*	(78,756,382)	(25,049,683)
Purchase of Intangible Assets	*18*	(53,771,611)	(8,404,988)
Net cash used in investing activities		**(132,527,993)**	**(33,454,671)**
Cash flows from financing activities			
Non-reciprocal capital contributions	*23*	132,527,992	33,454,672
Net cash from financing activities		**132,527,992**	**33,454,672**
Net increase in cash and cash equivalents		23,599,823	64,743,167
Cash and cash equivalents, beginning of year		390,614,982	325,495,875
Effect of exchange rate fluctuations on cash held	*9*	2,046,386	375,940
Cash and cash equivalents, end of year	*20*	**416,261,191**	**390,614,982**

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2022

1 Reporting Entity

TotalEnergies EP Nigeria CPFA Limited was incorporated as a private limited liability company on 8 November 2001 and it commenced operations on 6 March 2002. The Company acts as the sole trustee in administering the affairs of the TotalEnergies EP Nigeria Staff (Non-Contributory) Pension Fund (the "Fund"), a Scheme domiciled in Nigeria and registered in Nigeria under the Pension Reforms Act 2014 as amended. The address of the Company's registered office is No. 35 Kofo Abayomi Street, Victoria Island Lagos.

Under the terms and conditions of the Trust Deed setting up the Company as sole trustee, whilst the Company shall administer the affairs of the Pension Fund, TotalEnergies EP Nigeria Limited shall reimburse it of all the expenses incurred in administering the Pension Fund.

2 Basis of Preparation

(a) Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act, 2020, the Financial Reporting Council of Nigeria Act No. 6, 2011, the Pension Reform Act, 2014 and National Pension Commission (PENCOM) guidelines.

The financial statements were authorised for issue by the board of directors on 28 April 2023.

(b) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for where otherwise stated.

(c) Functional and Presentation Currency

The financial statements are presented in Nigreia Naira(NGN), which is the functional and presentation currency of the Company.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements, and the reported revenue and costs during the relevant period.

Management bases its judgments and estimates on historical experience and various other factors that are believed to be appropriate and reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

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

3 Significant Accounting Policies

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

(a) Foreign currency

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

Notes to the financial statements

For the year ended 31 December 2022 - Continued

3 Significant Accounting Policies - Continued

(b) Financial Instrument

(i) Recognition and initial measurement
Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

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

(ii) Classification and subsequent measurement
On initial recognition, a financial asset is classified as measured: amortized cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through changes in net asset:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

All financial assets not clssified at amortized cost or FVOCI, as described above, are measured at fair value through profit or loss (FVTPL). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL, if doing so eliminates or significntly reduces an accounting mismatch that would otherwise arise.

(ii) Classification and subsequent measurement

• Financial assets - Business model assessment:
The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
– how the performance of the portfolio is evaluated and reported to the Company's management;
– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

• Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.
In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Company considers:
– contingent events that would change the amount or timing of cash flows;
– terms that may adjust the contractual coupon rate, including variable?rate features;
– prepayment and extension features; and
– terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Notes to the financial statements

For the year ended 31 December 2022 - Continued

3 Significant Accounting Policies - Continued

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

- ***Financial assets – Subsequent measurement and gains and losses***

Financial assets at amortized cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Cash and cash equivalents, receivable from parent company (TEPNG) and other receivables are included in this category.

- ***Financial liabilities – Classification, subsequent measurement and gains and losses***

Financial liabilities are measured at amortised cost subsequent to initial recognition, using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition
Financial assets

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

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

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

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

iv) • Offsetting

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

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Notes to the financial statements

For the year ended 31 December 2022 - Continued

3 Significant Accounting Policies - Continued

(d) Property, plant and equipment

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

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

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

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows:

Asset category	
Computer equipment	33%
Motor vehicle	25%
Office equipment	33%

Depreciation method, useful life and residual value are reviewed for each reporting date and adjusted if appropriate.

Upon disposal of any item of property and equipment or when no future economic benefits are expected to flow from its use, such items are derecognised from the books. Gains and losses on disposal of assets are determined by comparing proceeds with their carrying amount and are recognised in profit or loss in the year of de-recognition.

(e) Special reserve

This represents non-reciprocal capital contributions made to the Company by TotalEnergies EP Nigeria Limited for the purpose of acquiring property, plant & equipment. This is recognised directly in equity.

(f) Share capital

Ordinary shares

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

(g) Impairment

Non-derivative financial assets

(i) Financial instruments
The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. The loss allowances for receivables are always measured at an amount equal to lifetime ECLs.
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:
– the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
– the financial asset is more than 60 days past due.
Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).
The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Notes to the financial statements

For the year ended 31 December 2022 - Continued

3 Significant Accounting Policies - Continued

(g) Impairment - continued

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
– significant financial difficulty of the borrower or issuer;
– a breach of contract such as a default or being more than 90 days past due;
– the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
– it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For its receivable from the parent company, the Company makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non-financial assets
The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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 respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

Notes to the financial statements

For the year ended 31 December 2022 - Continued

3 Significant Accounting Policies - Continued

(h) Revenue

Cost re-imbursements

The Company recognizes as revenue, reimbursement of all expenses incurred during the financial year, excluding depreciation and amortisation, by the parent company. Revenue is recognised in profit or loss on an accrual basis.

(i) Finance income

Finance income comprises interest income on funds invested, dividend income and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Company's right to receive payment is established.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, and foreign currency losses. All borrowing costs are recognised in profit or loss using the effective interest method, except for borrowing costs related to the acquisition, construction and production of qualifying assets which are recognised as part of the cost of such assets. Foreign currency gains and losses are reported on a net basis.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset, or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(j) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date (determined in accordance with the applicable tax laws), and any adjustment to tax payable in respect of previous years.

Income tax expense comprises current tax (company income tax, tertiary education tax and Nigeria Police Trust Fund levy) and deferred tax. Income tax expense is recognised in profit or loss.

The Company is subject to Company income tax under the Companies Income Tax Act as amended to date and tertiary education tax based on the assessable income under the Tertiary Education Trust Fund Act.

Total amount of tax payable under CITA is determined based on the higher of two components namely: Company Income Tax (based on taxable income (or loss) for the year; and Minimum tax (based on 0.5% of the qualifying company's gross turnover less franked investment income). In previous years, minimum tax was determined based on the sum of the highest of 0.25% of revenue of N500,000, 0.5% of gross profit, 0.25% of paid up share capital and 0.5% of net assets; and 0.125% of revenue in excess of N500,000. Taxes based on taxable profit for the period are treated as income tax in line with IAS 12: Income taxes; whereas Minimum tax which is based on a gross amount is outside the scope of IAS 12: Income taxes and therefore not presented in the income tax expense line item in profit or loss.

Where the minimum tax charge is higher than the Company Income Tax, a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in profit or loss and the excess amount is presented above the income tax line as Minimum tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following taxable temporary differences:
• the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and
• temporary differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Notes to the financial statements

For the year ended 31 December 2022 - Continued

3 Significant Accounting Policies - Continued

(j) Income tax - Continued

Deferred tax assets are recognisd for unused tax losses, unused tax credit and deductible temporary differences to the extent that it is probable that future tax profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable differences. If the amount of taxable temporary differences is insufficent to recognise a deferred tax asset in full, then future taxable profits adjusted for reversal of existing temporary difference are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised, such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable pofits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset 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 Company uses the definition of a lease in IFRS 16.

As a lessee

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

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

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

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.
Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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

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

Notes to the financial statements

For the year ended 31 December 2022 - Continued

3 Significant Accounting Policies - Continued

(k) Leases - continued

Short-term leases and leases of low-value assets
The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including office space. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Employee benefits

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

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(k) Intangible assets

The cost of an intangible asset with a finite useful life is amortised to profit or loss on a straight line basis over its estimated useful life. Amortisation begins when the asset is available for use. Amortisation ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. After initial recognition, intangible assets with finite useful lives are carried at cost less any accumulated amortisation and impairment losses.

Subsequent expenditure on intangible assets with finite useful lives is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. The company's Intangible asset represents accounting software with estimated useful life of 3 years.

Gains and losses on disposal of item of intangible assets are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognised net within other income in profit or loss.
Assets under construction are stated at cost which includes cost of materials and direct labour and any costs incurred in making them available for use.

Intangible asset represents accounting software with estimated useful life of 3 years.
The cost of an intangible asset with a finite useful life is amortised to profit or loss on a straight line basis over its estimated useful life. Amortisation begins when the asset is available for use. Amortisation ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.
After initial recognition, intangible assets with finite useful lives are carried at cost less any accumulated amortisation and impairment losses.
Subsequent expenditure on intangible assets with finite useful lives is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.
Gains and losses on disposal of item of intangible assets are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognised net within other income in profit or loss.

Notes to the financial statements

For the year ended 31 December 2022 - Continued

4 Standards and interpretations issued but not yet effective

A number of new standards and amendments of standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Company has not early applied the following new or amended standards in preparing these financial statements. The Company does not plan to early adopt these standards. See below, standards issued but not yet effective as at current year.

Pronouncement	Summary of requirements and assessment of impact	Effective date
IFRS 17 – Insurance Contracts	The IASB issued IFRS 17 in May 2017 and applies to annual reporting periods beginning on or after 1 January 2023. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. This standard does not impact the Group in anyway as the Bank and its subsidiary companies do not engage in insurance business. The amendment does not have any material impact on the Entity.	1 January, 2023
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	In January 2020, the IASB issued amendment to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.The amendment clarify: - What is meant by a right to defer settlement. - That a right to defer must exist at the end of the reporting period. - That classification is unaffected by the likelihood that an entity will exercise its deferral right. - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The amendments are not expected to have a material impact on the Company.	1 January, 2023
Amendments to IAS 8 – Definition of Accounting Estimates	The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. The amendments are not expected to have a material impact on the Company.	1 January, 2023

Notes to the financial statements

For the year ended 31 December 2022 - Continued

4 Standards and interpretations issued but not yet effective - Continued

Pronouncement	Summary of requirements and assessment of impact	Effective date
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendment will be effective for annual periods beginning on or after 1 January 2023. The Company is not expected to be impacted with this amendment. The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.	1 January 2023.
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	The amendments aim to help entities provide accounting policy disclosures that are more useful by: - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies. - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosure. The amendment will be effective for annual periods beginning on or after 1 January 2023. The Company is not expected to be impacted with this amendment.	1 January 2023.

Notes to the financial statements

For the year ended 31 December 2022 - Continued

5 Changes in Significant accounting policies

A number of new standards are effective from 1 January 2022 but they do not have a material effect on the Company's financial statement.

The Company has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements.

Pronouncement	Summary of requirements	Assessment of Impact
Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework	The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.	These amendments had no impact on the financial statements of the Company.
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).	These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.
IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.	These amendments had no impact on the financial statements of the Company as it is not a first-time adopter.
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement. In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application).	These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the year.
IAS 41 Agriculture – Taxation in fair value measurements	The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.	These amendments had no impact on the financial statements of the Company as it did not have assets in scope of IAS 41.
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision).	These amendments had no impact on the financial statements of the Company as it did not have any Onerous Contract in scope of IAS 37 as at the reporting date.

Notes to the financial statements

For the year ended 31 December 2022 - Continued

6 Risk Management Framework

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from its parent company. No impairment loss on financial assets was recognised in profit or loss during the year.(2021: Nil).

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows.

In Nigerian naira	Note	**2022**	**2021**
Cash and cash equivalents	*20*	416,261,191	390,614,982
Receivables	*19*	21,429,535	13,495,957
		437,690,726	**404,110,939**

Cash and cash equivalent

The Company held cash and cash equivalents which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with a reputable financial institution in Nigeria, which currently has a stable rating outlook with a credit rating of B+ for the short-term issuer deposit rating (IDR) class. Based on Fitch ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected credit loss basis and reflects the short maturity of the exposures. The company considers that its cash and cash equivalent has low credit risk based on the external credit ratings of the counter party. No impairment allowance was recognised during the year. (2021: Nil)

Receivables

This comprises of Vehicle loans given to members of staff. The amount is recovered through monthly deductions from staff salaries.

The Company has no history of loss in recovering amounts receivable. The receivable balance also is not in default as at year-end, thus no impairment loss have been recognized on these assets as at year end. (2021: Nil)

Notes to the financial statements
For the year ended 31 December 2022 - Continued

6 Risk Management Framework - Continued

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial asset. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The maturity profiles of the contractual cash flows of financial assets and liabilities at 31 December 2022 were as follows:

In Nigerian Naira	Carrying amount	Contractual cashflow	3 months or less	Above 3 months
Financial Assets				
Cash and cash equivalents	416,261,191	416,261,191	416,261,191	-
Staff car loan	15,916,392	19,706,279	1,500,000	18,206,279
Staff/ Cash Advance	1,940,796	1,940,796	1,940,796	-
Reimbursables due from TEPNG	3,572,347	3,572,347	3,572,347	-
Total	**437,690,726**	**441,480,613**	**423,274,334**	**18,206,279**
Financial Liabilities				
Other liabilities	395,505,935	395,505,935	395,505,935	-
Total	**395,505,935**	**395,505,935**	**395,505,935**	**-**

The maturity profiles of the contractual cash flows of financial assets and liabilities at 31 December 2021 were as follows:

In Nigerian Naira	Carrying amount	Contractual cashflow	3 month or less	Above 3 months
Financial Assets				
Cash and cash equivalents	390,614,982	390,614,982	390,614,982	-
Staff car loan	12,023,097	17,405,729	1,147,951	16,257,778
Staff/ Cash Advance	150,004	150,004	150,004	-
Reimbursables due from TEPNG	1,322,856	1,322,856	1,322,856	-
Total	**404,110,939**	**409,493,571**	**393,235,793**	**16,257,778**
Financial Liabilities				
Other liabilities	375,785,522	375,785,522	375,785,522	-
Total	**375,785,522**	**375,785,522**	**375,785,522**	**-**

7 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Company is not exposed to significant market risks.

The Company's strategy for the management of market risk is driven by the Company's investment objective. The Company's market risk is managed on a daily basis by the Investment Department in accordance with policies and procedures in place.

Interest Rate Risks

Interest Rate risk is the risk of loss to interest income arising from changes in interest rates. The Company carries some interest rate sensitive assets on its books, which are largely priced with fixed rates.

A substantial portion of the Company's financial instruments are non-interest-bearing with only cash and cash equivalents being directly subject to interest rate risk. Any excess cash and cash equivalents above immediate working capital requirements are invested in short-term deposits which are available at call to optimise returns. As a result, the Company is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Notes to the financial statements
For the year ended 31 December 2022 - Continued

7 Market risk - Continued

Interest Rate Risks - Continued

The interest rate profile of the Company's interest-bearing and non-interest bearin financial instruments as reported to the management of the Company is as follows:

As at 31 December 2022

In Nigerian Naira	**Non-interest bearing**	**Interest bearing (fixed)**	**Interest bearing (floating)**
Financial Assets			
Current account	-	405,247,262	-
Domiciliary account	11,013,929	-	-
Staff car loan	-	15,916,392	-
Total	**11,013,929**	**421,163,654**	**-**

As at 31 December 2021

In Nigerian Naira	**Non-interest bearing**	**Interest bearing (fixed)**	**Interest bearing (floating)**
Financial Assets			
Current account	-	368,814,410	-
Domiciliary account	21,800,572	-	-
Staff car loan	-	12,023,097	-
Total	**21,800,572**	**380,837,507**	**-**

Currency risk

The currency risk is the risk that the future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.
In managing currency risk, the Company aims to reduce the impact of short-term fluctuations on earnings. The Company monitors the movement in the currency rates on an ongoing basis.

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	2022	**2021**
	USD	USD
Financial Asset		
Cash and cash equivalents	23,866	50,116
	23,866	**50,116**

The following significant exchange rates applied during the year:

	Average Rate		**Year end spot rate**	
	2022	**2021**	**2022**	**2021**
US Dollar	448.25	422.63	461.50	435.00

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Naira, as indicated below against the US dollar at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected statement of profit or loss by the amounts shown below.

In Nigerian naira	**Profit or loss and equity**	
	Strengthening	**Weakening**
31 December 2022		
USD (10% movement)	2,387	(2,387)
31 December 2021	5,012	(5,012)
USD (10% movement)		

Notes to the financial statements
For the year ended 31 December 2022 - Continued

Capital management

The Company's operations is sponsored by contributions from the parent company, TotalEnergies EP Nigeria Limited and revenue from its investments.

The Company's objectives are to ensure a stable base to ensure payment of benefits to retirees when due, and to manage liquidity risk arising from these payments. The Company is not subject to any externally imposed capital requirements.

In nigerian naira	**2022**	**2021**
Total Liability	461,072,193	403,860,110
Less Cash and Cash equivalent	(416,261,191)	(390,614,982)
Net debt	**44,811,002**	**13,245,128**
Total equity	194,981,402	123,040,404
Net Debt to adjusted equity ratio	0.23	0.11

8 Revenue

In Nigerian Naira	2022	**2021**
Cost reimbursement	2,302,301,030	1,888,161,083
	2,302,301,030	**1,888,161,083**

This amount is determined at 100% of costs incurred (excluding depreciation and amortization) and is receivable from TotalEnergies EP Nigeria Limited.

9 Other Income

In Nigerian naira

	2022	**2021**
Exchange gain	2,046,386	375,940
	2,046,386	**375,940**

Notes to the financial statements
For the year ended 31 December 2022 - Continued

10 Net Finance income

In Nigerian naira	**2022**	**2021**
Interest Income	1,384,792	1,937,415
	1,384,792	**1,937,415**

Finance income represents interest earned during the year on bank balances.

11 General administration expenses

These represent expenses incurred in administering the TotalEnergies EP Nigeria Staff Non-Contributory Pension Fund during the year. These comprise:

In Nigerian naira	**2022**	**2021**
Office rent (i)	212,543,100	188,805,000
Office maintenance	54,866,502	59,113,345
Pension Protection Fund Levy	18,512,894	17,107,829
Credit risk rating & investment resource subscription	25,749,494	23,422,364
Road Show / Stakeholders Forum	2,698,245	399,000
Corporate expenses	11,954,998	9,881,750
Director's fee (See note 12(ii) below)	13,400,000	10,200,000
Internet service	9,674,871	9,368,581
Legal expenses	12,266,250	7,422,579
Software application maintenance	14,668,676	14,348,500
ICT installation service	2,788,030	514,952
ICT consumables	1,629,948	2,388,116
Software licence renewal	19,217,376	29,455,043
PENCOM/PENOP expenses	6,610,162	7,212,500
Off Site Media Storage	5,005,048	-
Scheme admin expenses	38,280,084	4,977,600
BoD & Committee meetings expense	8,379,336	1,409,660
Equipment maintenance	3,042,637	3,042,637
Director's development & training	6,275,000	4,630,000
Consultancy expenses	1,110,938	6,100,000
Audit fees	2,812,500	2,500,000
General office expense	7,024,610	2,658,589
Insurance	1,542,450	1,124,771
ICT Others	-	5,161
Stationeries & Postages	656,576	195,009
Business & operational travel expenses	2,798,911	478,910
Meetings & Business Lunches	4,514,258	1,010,111
Journal's subscription, periodicals	319,650	268,930
Transportation expenses	368,068	131,634
Investment advisory expenses	-	1,500,000
Foreign Exchange Losses	2,289,698	-
Seminars & conferences	70,000	976,407
HSE Expenses - Office Maintenance (Other works)	100,000	-
Interest Expense	500,800	-
	491,671,110	**410,648,978**

There was no non-audit service(s) rendered by the auditor during the year (2021: Nil) hence, no fees earned by the auditor outside the audit services rendered.

(i) Office rent is classified as short-term lease; with a lease term of 12 months. The lessee does not hold the option to extend the period automatically.

Notes to the financial statements
For the year ended 31 December 2022 - Continued

12 Personnel expenses

In Nigerian naira	2022	2021
Cost of seconded staff (see note (iii) below)	1,275,857,269	865,871,397
Basic salary	139,469,730	126,582,032
Performance bonus	70,457,644	187,195,117
Housing allowance	54,350,606	46,970,455
Staff Lunch	35,294,556	33,887,997
Transport allowance	36,073,838	33,319,024
Pension costs	47,489,418	43,687,151
Service contract salaries and expenses	22,915,031	27,647,076
Utility allowance	17,521,581	16,183,528
Other staff expenses	12,628,667	13,258,154
Leave allowance	12,660,131	12,307,200
13th Month allowance	13,771,289	12,700,420
Medical expense	14,000,000	13,363,400
Staff training expenses	22,743,498	19,916,721
Furniture allowance	5,358,523	4,592,045
Group life assurance	3,971,016	3,660,204
Industrial training fund	4,094,114	5,582,457
National Social Insurance Trust Fund	3,171,639	2,972,505
Overtime Allowance	4,878,615	2,450,605
Club membership and subscription	11,159,039	3,934,600
Delegation Allowance	1,371,746	495,293
Group Personal Accident Insurance	1,391,970	934,723
	1,810,629,920	**1,477,512,104**

Employee benefits are classified as follows;

In Nigerian naira	2022	2021
Short-term employment benefits	1,774,556,082	1,444,193,080
Employers' pension contribution	36,073,838	33,319,024
	1,810,629,920	**1,477,512,104**

(i) The number of employees of the Company other than the directors who received emolument in the following ranges (excluding pension contributions) were:

	2022	2021
Below - ₦10,000,000	-	-
₦10,000,001 - ₦12,000,000	-	-
₦12,000,001 - ₦14,000,000	1	5
₦14,000,001 - ₦15,000,000	2	-
₦15,000,001 - ₦16,000,000	2	6
₦16,000,001 and above	9	6
	14	**17**

(ii) Directors' remuneration

Directors' remuneration paid during the year is analysed as follows:

In Nigerian naira	2022	2021
Director's fees	4,000,000	4,000,000
Directors' allowance	9,400,000	6,200,000
	13,400,000	**10,200,000**

The directors' remuneration shown above includes:

In Nigerian naira	2022	2021
Chairman	-	-
Highest paid director	5,000,000	5,000,000
	5,000,000	**5,000,000**

(iii) Cost of seconded staff

Cost of seconded staff represents cost incurred by the Company on salaries and allowances of staff of its parent company (TotalEnergies EP Nigeria Limited) seconded to the Company during the year. The salary, allowances and all related taxes of the seconded staff were paid by the parent company and charged back to the Company at cost.

Notes to the financial statements
For the year ended 31 December 2022 - Continued

13 Depreciation

In Nigerian naira	2022	2021
Computer equipment (Note 17)	21,729,126	11,705,825
Motor vehicles (Note 17)	4,272,188	4,272,188
Office equipment (Note 17)	3,887,007	7,219,708
	29,888,321	**23,197,721**

14 Amortization

In Nigerian naira	2022	2021
Amortization - Intangibles (Note 18)	**42,985,392**	**24,340,432**

15 Income tax

(a) Current tax expense

In Nigerian naira	2022	2021
Minimum tax		
Current year minimum tax	11,390,182	**4,491,908**
Current year minimum tax	**11,390,182**	**4,491,908**
Company income tax for the year	138,479	193,742
Tertiary education tax for the year	34,620	38,748
	173,099	**232,490**
	11,563,281	**4,724,398**

(b) Movement in tax payable balance

In Nigerian naira	2022	2021
Balance, beginning of year	4,724,398	4,466,272
Minimum tax	11,390,182	4,491,908
Company income tax	138,479	193,742
Tertiary education tax for the year	34,620	38,748
Payment during the year	(4,772,804)	(4,466,272)
Balance end of year	**11,514,875**	**4,724,398**

Effective Tax Rate Reconciliation

In Nigerian naira	%	2022	%	2021
Loss before tax		(69,442,535)		(45,224,797)
Income tax using statutory tax rate	32%	(22,221,611)	30%	(13,567,439)
Other deferred tax asset not recognised	-32%	21,884,116	-27%	12,337,899
Non-deductible expenses	-1%	510,594	-3%	1,462,030
Total tax expenses	**0%**	**173,099**	**-1%**	**232,490**

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

Notes to the financial statements
For the year ended 31 December 2022 - Continued

16 Unrecognised deferred tax asset is attributable to the following:

In Nigerian naira	2022		2021	
	Gross Amount	*Tax Impact*	*Gross Amount*	*Tax Impact*
Property & Equipment	113,732,023	34,119,607	184,897,269	55,469,181
Foreign Exchange	(2,046,386)	(654,844)	(375,940)	(120,301)
Balance, end of year	**111,685,637**	**33,464,763**	**184,521,329**	**55,348,880**

The deferred tax asset has not been recognised due to the uncertainty of the probability of future taxable profits against which it can be recovered.

17 ***Property, plant and equipment***

(a) Reconciliation of carrying amount

In Nigerian naira	**Computer Equipment**	**Motor Vehicles**	**Office Equipment**	**Total**
Cost:				
Balance at 1 January 2021	127,875,345	17,088,750	31,972,245	176,936,340
Addition	24,759,683	-	290,000	25,049,683
Balance at 31 December 2021	**152,635,028**	**17,088,750**	**32,262,245**	**201,986,023**
Balance at 1 January 2022	152,635,028	17,088,750	32,262,245	201,986,023
Addition	77,430,600	-	1,325,782	78,756,382
Balance at 31 December 2022	**230,065,628**	**17,088,750**	**33,588,027**	**280,742,405**
In Nigerian naira				
Accumulated depreciation and impairment:				
Balance at 1 January 2021	113,328,741	6,408,281	19,960,906	139,697,928
Depreciation for the year	11,705,825	4,272,187	7,219,708	23,197,720
Balance at 31 December 2021	**125,034,566**	**10,680,468**	**27,180,614**	**162,895,648**
Balance at 1 January 2022	125,034,566	10,680,468	27,180,614	162,895,648
Depreciation for the year	21,729,126	4,272,188	3,887,007	29,888,321
Balance at 31 December 2022	**146,763,692**	**14,952,656**	**31,067,621**	**192,783,969**
Carrying amounts:				
At 31 December 2021	27,600,462	6,408,282	5,081,631	39,090,375
At 31 December 2022	**83,301,936**	**2,136,094**	**2,520,406**	**87,958,436**

(b) Security and Capital commitments

At 31 December 2022, the company had no properties pledged as security. (2021: Nil).
The Company had no capital commitment at year end.(2021: Nil)

Notes to the financial statements
For the year ended 31 December 2022 - Continued

18 Intangible asset

In Nigerian naira	Software	Work-in-progress	Total
Cost:			
Balance at 1 January 2021	94,394,497	66,427,748	160,822,245
Additions	997,286	7,407,702	8,404,988
Transfers from Closing Work-in-Progress	44,771,870	(44,771,870)	-
Balance at 31 December 2021	**140,163,653**	**29,063,580**	**169,227,233**
Balance at 1 January 2022	140,163,653	29,063,580	169,227,233
Additions	53,771,611	-	53,771,611
Transfers from Closing Work-in-Progress	19,287,620	(19,287,620)	-
Balance at 31 December 2022	**213,222,884**	**9,775,960**	**222,998,844**
Accumulated amortization and impairment:			
Balance at 1 January 2021	56,623,201	-	56,623,201
Amortization charge for the year	24,340,432	-	24,340,432
Balance at 31 December 2021	**80,963,633**	**-**	**80,963,633**
Balance at 1 January 2022	80,963,633	-	80,963,633
Amortization charge for the year	42,985,392	-	42,985,392
Balance at 31 December 2022	**123,949,025**	**-**	**123,949,025**
Carrying amounts:			
At 31 December 2021	**59,200,020**	**29,063,580**	**88,263,600**
At 31 December 2022	**89,273,859**	**9,775,960**	**99,049,819**

The work-in-progress represents the cost incurred in the acquisition and installation of BAMS software. The Installation was still ongoing as at reporting date and as such, the software is not yet available for use.

19 Prepayment and other receivables

In Nigerian naira	2022	2021
Prepayment	31,354,614	15,854,422
Other receivables	21,429,535	13,495,957
	52,784,149	**29,350,379**

19.1 Prepayments

In Nigerian naira	2022	2021
Status car grant	16,000,000	-
Prepayment	15,354,614	15,854,422
	31,354,614	**15,854,422**

The Status car grant relates to the grant given to a member of senior management which is to be amortised over a period of five years as agreed with the staff.

The prepayments are mainly subscriptions paid on licenses for software in use by the Company.

19.2 Other receivables

Staff advance	995,417	-
Cash advance	945,379	150,004
Staff car loan	15,916,392	12,023,097
Reimbursables due from TEPNG	3,572,347	1,322,856
	21,429,535	**13,495,957**

Information on the Company's exposure to credit risks are disclosed in Note 6(a).

Notes to the financial statements
For the year ended 31 December 2022 - Continued

20 Cash and cash equivalents

In Nigerian naira	2022	2021
Current account	405,247,262	368,814,410
Domiciliary account	11,013,929	21,800,572
	416,261,191	**390,614,982**

Information on the Company's exposure to credit risks and currency risk are disclosed in Note 6(a) and 7 respectively.

21 Share Capital

In Nigerian naira	2022	2021
Issued and Fully paid		
5,000,000 Ordinary Shares of ₦1 each	**5,000,000**	**5,000,000**

All shares rank equally to the Company's assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

22 Accumulated Losses

In Nigerian naira	2022	2021
Opening balance	246,068,568	196,119,373
Loss for the year	81,005,816	49,949,195
Closing balance	**327,074,384**	**246,068,568**

Accumulated losses represents the current year recognised income net of expenses plus prior period result attributable to shareholders.

23 Special reserve

In Nigerian naira	Note	2022	2021
Balance at 1 January		384,527,793	351,073,122
Additions - Property and equipment	17	78,756,382	25,049,683
Additions - Intangible assets	18	53,771,611	8,404,988
Balance at 31 December		**517,055,786**	**384,527,793**

This represents non-reciprocal capital contributions made to the Company by TotalEnergies EP Nigeria Limited for the purpose of acquiring property & equipment. The additions during the year represents cost incurred on acquisition of property & equipment and intangible assets.

24 Other liabilities

In Nigerian naira	2022	2021
Accruals (See note (a) below)	187,965,830	178,767,977
Other creditiors (See note (b) below)	167,128,863	6,134,282
Reimbursables due to TotalEnergies EP Nigeria Limited(See note (c) below)	40,411,242	190,883,263
	-	-
Financial liabilities	**395,505,935**	**375,785,522**
Deposit for service charge	52,866,240	20,126,422
Statutory deduction	1,185,143	3,223,768
	449,557,318	**399,135,712**

Information on the Company's exposure to liquidity risks are disclosed in note 6(b).

(a) 20% of the Accruals represent accruals for statutory obligations while the remaining 80% are in respect of operational expenses.

(b) Other creditors represents payable to the Company's vendors in respect of office maintenance , IT services and IT consumables.

(c) Reimbursable to TEPNG in respect of unutilized cash call revenue.

25 Capital Commitments

There were no significant capital expenditure contracted for during the year.

Notes to the financial statements
For the year ended 31 December 2022 - Continued

26 Contingencies

The company faces a litigation arising in the ordinary course of carrying out its business activities. TotalEnergies EP Nigeria Limited and TotalEnergies EP Nigeria CPFA Limited are jointly and severaly liable in a lawsuit, in which the claimant is suing for N53,982,929.98 and N500,000 per day from 16th June, 2015 till the judgment date.
Based on the advice of the independent legal counsel, the directors are of the opinion that the claim is unlikely to succeed. Thus the estimated claim has not been provided for in the financial statements.

27 Related parties

(a) Parent and ultimate controlling party

As at the year ended 31 December 2022, TotalEnergies EP Nigeria Limited (TEPNG) owned 99% of issued share capital of TotalEnergies EP Nigeria CPFA Limited. The ultimate parent Company is TEPNG, an entity incorporated in Nigeria.

(b) Remuneration of key management personnel comprise:

The key management personnel of the Company comprise Directors of the Company.

In Nigerian naira	**2022**	**2021**
Directors' remuneration (Note 12(ii))	**13,400,000**	**10,000,000**

(c) TotalEnergies EP Nigeria Staff Non-Contributory Pension Fund

The Company acts as a sole trustee and administrator of the affairs of TotalEnergies EP Nigeria Staff Non- Contributory Pension Fund.
The cost of providing the service is reimbursed at cost by TotalEnergies EP Nigeria Limited, the Sponsor to the Fund.
The Company also occupies a portion of the Fund's property for which the Company paid rent of N213 million for the year (2021: N189m)
The company has no balance due to TotalEnergies EP Nigeria staff non-contributory pension fund as at year end (2021: Nil).

(d) TotalEnergies EP Nigeria Limited

TotalEnergies EP Nigeria Limited (TEPNG) provides financial support to the Company by reimbursing all costs incurred by the Company in administering the Pension Fund. No interest is charged on the cost reimbursed. Total expenses re-invoiced to TEPNG during the year amounted to ₦2.301b (2021: ₦1.888b).

TEPNG also seconded some of its employees to the Company, the secondee cost for the year amounted to ₦1.275b (2021: ₦866m). Balance due to Total E&P Nigeria Limited as at 31 December 2022 amounted to Nil (2021: Nil).

28 Pension assets under management

As at 31 December 2022, the aggregate amount of funds under management by the Company which are not included in the statement of financial position is N364.35 billion (2021: 337.37 billion).

29 Events after reporting date

There was no event after the reporting date which could have a material effect on the state of affairs of the Company as at 31 December 2022 or the profit or loss and other comprehensive income for the year then ended.

Other national disclosures

Value Added Statement
For the year ended 31 December 2022

In Nigerian Naira	2022	%	2021	%
Revenue	2,305,732,208	130	1,890,474,438	130
Bought-in-materials and services:				
- local	(491,671,110)	(30)	(410,648,978)	(30)
	1,814,061,098	100	**1,479,825,460**	100
Distribution:				
To Employees:				
- Employees as salaries and pensions	1,810,629,920	100	1,477,512,104	100
To Government:				
- Government as taxes	11,563,281	1.00	4,724,398	1.00
Retained in the business:				
- For replacement of property and equipment - depreciation	29,888,321	2	23,197,720	2
- Amortisation	42,985,392	2	24,340,432	2
- To deplete reserves	(81,005,816)	(5)	(49,949,195)	(3)
	1,814,061,098	**100**	**1,479,825,460**	**100**

This statement represents the distribution of the wealth created through the use of the Company's assets through its own and its employees' efforts.

Five year financial summary

In Nigerian Naira	2022	2021	2020	2019	2018
Revenue	2,305,732,208	1,890,474,438	1,712,163,548	1,420,592,097	1,218,876,016
Loss before Income Tax	(69,442,535)	(45,224,797)	(40,242,535)	(14,497,329)	(16,887,933)
Loss after Tax	**(81,005,816)**	**(49,949,195)**	**(44,692,128)**	**(21,840,490)**	**(24,595,316)**
Assets employed:					
Non-current assets	187,008,255	127,353,975	141,437,454	167,803,719	124,460,647
Net current assets	7,973,147	16,105,251	18,516,295	12,568,851	4,511,653
Net Assets	**194,981,402**	**143,459,226**	**159,953,749**	**180,372,570**	**128,972,300**
Financed by:					
Share capital	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Accumulated Losses	(327,074,384)	(246,068,568)	(196,119,373)	(151,410,564)	(129,570,074)
Special reserve	517,055,786	384,527,794	351,073,122	326,783,134	253,542,374
Shareholders’ funds	**194,981,402**	**143,459,226**	**159,953,749**	**180,372,570**	**128,972,300**