Shell East Staff Investment Co-operative Society
Special Purpose Financial Statements
31 December 2017
<table>
<thead>
<tr>
<th>Contents</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate information</td>
<td>2</td>
</tr>
<tr>
<td>Report of the management committee</td>
<td>3</td>
</tr>
<tr>
<td>Statement of management committee's responsibilities</td>
<td>5</td>
</tr>
<tr>
<td>Independent auditor's report</td>
<td>6</td>
</tr>
<tr>
<td>Statement of income and expenditure</td>
<td>9</td>
</tr>
<tr>
<td>Balance sheet</td>
<td>10</td>
</tr>
<tr>
<td>Statement of changes in equity</td>
<td>11</td>
</tr>
<tr>
<td>Statement of cash flow</td>
<td>12</td>
</tr>
<tr>
<td>Notes to the financial statements</td>
<td>13</td>
</tr>
<tr>
<td>Supplementary disclosures</td>
<td></td>
</tr>
<tr>
<td>Value added statement</td>
<td>27</td>
</tr>
<tr>
<td>Five-year financial summary</td>
<td>28</td>
</tr>
</tbody>
</table>
Shell East Staff Investment Co-operative Society
Special Purpose Financial Statements
For the year ended 31 December 2017

Corporate Information

Shell East Staff Investment Co-operative Society (hereinafter referred to as "the Cooperative") was registered as a co-operative society under the Eastern Nigeria Co-operative Societies Law, Chapter 28 of 1965 (Rivers State Applicable Laws) in 1997. The registration certificate number for the Cooperative is RS/1/201.

Corporate office
Shell Petroleum Development Company Industrial Area
Nimbuibesir
P.O. Box 101
Rivers State

The principal activity of the Cooperative is to promote the economic interests of its members.

2016 Management Committee
Alphonse Abiabara
President
Obioma Nwakwe Osuzigho
Vice-President
Nkemere Udom
General Secretary
Oluizim Adam
Financial Secretary
Denis Abah经开区
Treasurer
.

2017 Management Committee
Alphonse Abiabara
President
Obioma Nwakwe Osuzigho
Vice-President
Nkemere Udom
General Secretary
Oluizim Adam
Financial Secretary
Denis Abah经开区
Treasurer
.

2016 Audit Committee
Titus Udoh
Chairman
Ugoboso Onwelebe
Member
Okoro Chinagwe
Member

2017 Audit Committee
Titus Udoh
Chairman
Ugoboso Onwelebe
Member
Okoro Chinagwe
Member

Independent Auditor
PriceWaterhouseCoopers
Chartered Accountants
Landmark Towers, Plot 58 Water Corporation Road
Victoria Island
Lagos

Legal Counsel
Cliff Oparadih & Co.
3 Isilo-pa Street
P.O. Box 101
Rivers State

Principal Bankers
Aso Savings and Loans Plc.
Fidelity Bank Plc.
First Bank of Nigeria Plc.
Garnett Trust Bank Plc.
New Prudential Mortgage Bank Ltd.
United Bank for Africa Plc.
Zenith Bank Plc.
Shell East Staff Investment Co-operative Society
Special Purpose Financial Statements
For the year ended 31 December 2017
Report of the management committee

The management committee of Shell East Staff Investment Cooperative Society hereby submit their annual report on the affairs together with the special purpose financial statements of the Cooperative which have been prepared in accordance with the Cooperative’s accounting policy and the auditor’s report for the year ended 31 December 2017.

1 Legal form
The Cooperative was registered in Rivers State on 20 June 1997. It was granted the license to operate as a multipurpose cooperative society with registration certificate No. RS 2351.

2 Principal activity
The principal activity of the Cooperative is to promote the economic interest of its members.

3 Operating results
The Cooperative’s results for the year are set out on Page 9. Gross income of the Cooperative increased to N822 billion (2016: N651 billion). Excess expenditure over income of N1.4 billion (2016: N80 million) has been transferred to reserves resulting in an accumulated deficit of N5.06 billion (2016: N3.5 billion). The major highlight of the Cooperative’s operating result for the year under review are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross interest income</td>
<td>818,541</td>
<td>921,785</td>
</tr>
<tr>
<td>Net interest expense</td>
<td>(1,961,090)</td>
<td>(944,252)</td>
</tr>
<tr>
<td>Other operating income</td>
<td>(18,408)</td>
<td>(220,538)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(81,010)</td>
<td>(92,490)</td>
</tr>
<tr>
<td>Excess expenditure over income before provisions and similar charges</td>
<td>(1,427,316)</td>
<td>(216,304)</td>
</tr>
<tr>
<td>Provisions and similar charges</td>
<td>(5,839)</td>
<td>(459,929)</td>
</tr>
<tr>
<td>Excess expenditure over income after provisions and similar charges</td>
<td>(1,434,155)</td>
<td>(680,233)</td>
</tr>
<tr>
<td>Total assets</td>
<td>5,641,250</td>
<td>7,407,248</td>
</tr>
<tr>
<td>Loans to members</td>
<td>4,592,492</td>
<td>5,676,735</td>
</tr>
<tr>
<td>Deposits from members</td>
<td>7,168,601</td>
<td>7,324,698</td>
</tr>
<tr>
<td>Total equity</td>
<td>(4,610,276)</td>
<td>(3,150,232)</td>
</tr>
<tr>
<td>Loss per share (Naira)</td>
<td>(910)</td>
<td>(414)</td>
</tr>
</tbody>
</table>

4 Management committee’s shareholdings
The direct interests of management committee members in the issued share capital of the Cooperative are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Designation</th>
<th>Number of Value of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alphonse Adegbe</td>
<td>President</td>
<td>103,900</td>
</tr>
<tr>
<td>Obasahe Onworchio</td>
<td>Vice President</td>
<td>104,520</td>
</tr>
<tr>
<td>Nicholas Udoh</td>
<td>General Secretary</td>
<td>102,400</td>
</tr>
<tr>
<td>Olusumide Adu</td>
<td>Financial Secretary</td>
<td>100,000</td>
</tr>
<tr>
<td>Dennis Asonwu</td>
<td>Treasurer</td>
<td>103,900</td>
</tr>
<tr>
<td>Umof Anthony</td>
<td>Assistant General Secretary</td>
<td>218,900</td>
</tr>
<tr>
<td></td>
<td></td>
<td>733,040</td>
</tr>
</tbody>
</table>
Shell East Staff Investment Co-operative Society

Special Purpose Financial Statements

For the year ended 31 December 2017

Report of the management committee

Analysis of shareholding

<table>
<thead>
<tr>
<th>Share range (Naira)</th>
<th>2017</th>
<th>% of shareholders</th>
<th>2016</th>
<th>% of shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lesser or Equal 20,000</td>
<td>33</td>
<td>1.3</td>
<td>33</td>
<td>1.3</td>
</tr>
<tr>
<td>20,001 - 50,000</td>
<td>1342</td>
<td>47.4</td>
<td>1022</td>
<td>40.4</td>
</tr>
<tr>
<td>50,001 - 100,000</td>
<td>208</td>
<td>8.6</td>
<td>208</td>
<td>9.3</td>
</tr>
<tr>
<td>100,001 - 500,000</td>
<td>4</td>
<td>0.2</td>
<td>4</td>
<td>0.2</td>
</tr>
<tr>
<td>500,001 and above</td>
<td>2429</td>
<td>100</td>
<td>2429</td>
<td>100</td>
</tr>
</tbody>
</table>

5 Employment and Employees

1. Employment of disabled persons

The Cooperative continues to maintain a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitude. The Cooperative’s policy prohibits discrimination in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment continues and appropriate training arranged to ensure that they fit into the Cooperative’s working environment.

ii. Health, safety and welfare at work

The Cooperative enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. As part of its recruitment and remuneration policy, the Cooperative pays medical allowance for its staff medical care and their immediate families.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Cooperative’s premises.

The Cooperative operates a group personal accident insurance cover for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act.

iii. Employee training and development

The Cooperative ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate feedback mechanism.

6 Auditors

Messrs. PricewaterhouseCoopers (Chartered Accountants) have indicated willingness to continue in office as auditors of the Cooperative.

By order of the management committee:

[Signature]

Opposi-Ademuyi

Financial Secretary

Dated on
Shell East Staff Investment Co-operative Society
Special Purpose Financial Statements
For the year ended 31 December 2017
Statement of management committee's responsibilities

The Management Committee of Shell East Staff Investment Co-operative Society is responsible for the preparation of the special purpose financial statements that give a true and fair view of the financial position of the Co-operative as at the end of the year, and the results of its operations and cash flows for the year then ended, in compliance with the Co-operative's accounting policies and in line with the Rivers State Co-operative Society Bye Law.

The responsibilities include:

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

- maintaining adequate accounting records that are sufficient to show and explain the Co-operative's transactions and disclose with reasonable accuracy at any time the financial position of the Co-operative, and which enable them to ensure that the special purpose financial statements of the Co-operative comply with the Co-operative's accounting policies;
- designing, implementing and maintaining an effective and sound system of internal controls throughout the Co-operative;
- maintaining statutory accounting records in compliance with the Rivers State Co-operative Societies bye laws;
- taking such steps as are reasonably available to them to safeguard the assets of the Co-operative; and
- preventing and deterring fraud and other irregularities.

Nothing has come to the attention of the management committee to indicate that the Co-operative will not remain a going concern for at least 12 months from the date of this statement.

On behalf of the management committee of the Co-operative.

[Signatures]

Hyginus Onoghi
President

Oyeyemi Adepoju
Financial secretary
Independent auditor’s report
To the Members of Shell East Staff Investment Cooperative Society

Report on the audit of the special purpose financial statements

Our opinion
In our opinion, Shell East Staff Investment Cooperative Society’s ("the Cooperative") special purpose financial statements are prepared, in all material respects, in accordance with the Cooperative’s accounting policies as at 31 December 2017 as described in note 2 to the special purpose financial statements and the requirements of the Cooperative Societies Laws of Rivers State.

What we have audited
The Cooperative’s special purpose financial statements comprise:
- the balance sheet as at 31 December 2017;
- the statement of income and expenditure for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the special purpose financial statements, which include a summary of significant accounting policies.

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 special purpose financial statements section of our report.

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

Independence
We are independent of the Cooperative in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of matter - Basis of accounting and restriction on distribution
We draw attention to Note 2b to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared to assist Shell East Staff Investment Cooperative to comply with the financial reporting provisions of the Cooperative Societies Laws of Rivers State. As a result, the special purpose financial statements may not be suitable for another purpose.

PricewaterhouseCoopers Chartered Accountants
Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria
Our report is intended solely for Shell East Staff Investment Cooperative and should not be distributed to or used by other parties other than Shell East Staff Investment Cooperative and any other previously agreed recipients. Our opinion is not modified in respect of this matter.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 29 in the financial statements, which indicates that the Cooperative incurred a net loss of N1.5 billion during the year ended 31 December 2017 and as of that date, the Cooperative’s liabilities exceeded its total assets by N4.6 billion. As stated in Note 29, these events or conditions, along with other matters as set forth in Note 29, indicate that a material uncertainty exists that may cast significant doubt on the Cooperative’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other information**

The management committee of the Cooperative are responsible for the other information. The other information comprises report of the management committee, statement of management committee’s responsibilities, statement of value added and five year financial summary, but does not include the special purpose financial statements and our auditor’s report thereon.

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

In connection with our audit of the special purpose financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the special purpose 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 that we 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.

**Responsibilities of management committee and those charged with governance for the special purpose financial statements**

The management committee is responsible for the preparation of these special purpose financial statements in accordance with the Cooperative’s accounting policies described in notes to the special purpose financial statements and for such internal control as the management committee determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, the management committee is responsible for assessing the Cooperative’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the management committee either intends to liquidate the Cooperative or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Cooperative’s financial reporting process.

**Auditor’s responsibilities for the audit of the special purpose financial statements**

Our objectives are to obtain reasonable assurance about whether the special purpose 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 special purpose financial statements.

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

- Identify and assess the risks of material misstatement of the special purpose 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 Cooperative’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management committee.

- Conclude on the appropriateness of the management committee's 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 Cooperative’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 special purpose 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 Cooperative to cease to continue as a going concern.

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

For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Pedro Omontuemben
FRC/2014/ICAN/00000000739

28 October 2019
### Shell East Staff Investment Co-operative Society

**Special Purpose Financial Statements**

For the year ended 31 December 2017

**Statement of income and expenditure**

<table>
<thead>
<tr>
<th>Notes</th>
<th>31 December 2017 N'000</th>
<th>31 December 2016 N'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>3</td>
<td>822,541</td>
</tr>
<tr>
<td>Interest expense</td>
<td>4</td>
<td>(2,190,441)</td>
</tr>
<tr>
<td><strong>Net interest loss</strong></td>
<td></td>
<td>(1,367,900)</td>
</tr>
<tr>
<td>Other operating (loss)/income</td>
<td>5</td>
<td>(38,406)</td>
</tr>
<tr>
<td><strong>Net loss before provisions and similar charges</strong></td>
<td></td>
<td>(1,406,306)</td>
</tr>
<tr>
<td>Provisions and similar charges</td>
<td>8</td>
<td>(6,839)</td>
</tr>
<tr>
<td><strong>Net loss after provisions and similar charges</strong></td>
<td></td>
<td>(1,413,145)</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>6</td>
<td>(39,476)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>7</td>
<td>(41,534)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td><strong>Deficit of income over expenditure</strong></td>
<td></td>
<td>(1,494,155)</td>
</tr>
</tbody>
</table>

To be appropriated as follows:

- Proposed dividend
- Transfer to statutory reserves
- Transfer to educational development fund
- Transfer to general reserves

<table>
<thead>
<tr>
<th></th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic loss per share (Naira)</td>
<td>21</td>
<td>(910)</td>
</tr>
</tbody>
</table>

The notes on pages 13 to 25 are an integral part of these special purpose financial statements.
<table>
<thead>
<tr>
<th>Notes</th>
<th>Description</th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>N'000</td>
<td>N'000</td>
</tr>
<tr>
<td>3</td>
<td>Interest income</td>
<td>822,541</td>
<td>961,785</td>
</tr>
<tr>
<td>4</td>
<td>Interest expense</td>
<td>(2,190,441)</td>
<td>(1,306,137)</td>
</tr>
<tr>
<td></td>
<td>Net interest loss</td>
<td>(1,367,900)</td>
<td>(344,352)</td>
</tr>
<tr>
<td>5</td>
<td>Other operating (loss)/income</td>
<td>(38,406)</td>
<td>220,538</td>
</tr>
<tr>
<td></td>
<td>Net loss before provisions and similar charges</td>
<td>(1,406,306)</td>
<td>(123,814)</td>
</tr>
<tr>
<td>8</td>
<td>provisions and similar charges</td>
<td>(6,839)</td>
<td>(463,929)</td>
</tr>
<tr>
<td>6</td>
<td>Net loss after provisions and similar charges</td>
<td>(1,413,145)</td>
<td>(587,743)</td>
</tr>
<tr>
<td>7</td>
<td>Salaries and wages</td>
<td>(39,476)</td>
<td>(39,123)</td>
</tr>
<tr>
<td>7</td>
<td>General and administrative expenses</td>
<td>(41,534)</td>
<td>(53,367)</td>
</tr>
<tr>
<td>9</td>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Deficit of income over expenditure</td>
<td>(1,494,155)</td>
<td>(680,233)</td>
</tr>
</tbody>
</table>

To be appropriated as follows:

- Proposed dividend  
- Transfer to statutory reserves  
- Transfer to educational development fund  
- Transfer to general reserve

Basic loss per share (Naira)  
21  
(910)  
(414)

The notes on pages 13 and 25 are an integral part of these special purpose financial statements.

DIRECTOR OF CO-OPERATIVE COMMENTS

The above accounts and the appropriation thereof as corrected by me, are in accordance with the Co-operative Societies Laws and Regulations (Decree and Regulations, 1993) Act 2004 and the Registered Bye-Laws of the Society and they are hereby approved by me.

Mrs. Elizabeth Chidi-Wike  
Director of Co-operatives Societies Rivers State, Nigeria
Shell East Staff Investment Co-operative Society
Special Purpose Financial Statements
For the year ended 31 December 2017

Balance sheet

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Notes</th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>N'000</td>
<td>N'000</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment properties</td>
<td>9</td>
<td>788,176</td>
<td>1,487,903</td>
</tr>
<tr>
<td>Investment securities</td>
<td>12</td>
<td>190,907</td>
<td>150,489</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>889,086</td>
<td>1,638,392</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and advances to members</td>
<td>10</td>
<td>4,592,492</td>
<td>5,576,726</td>
</tr>
<tr>
<td>Prepayments</td>
<td>13</td>
<td>2,333</td>
<td>2,333</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>11</td>
<td>134,340</td>
<td>90,077</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>4,729,165</td>
<td>5,769,136</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>5,618,250</td>
<td>7,407,528</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>14</td>
<td>-</td>
<td>1,689,924</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>14</td>
<td>2,103,567</td>
<td>1,135,488</td>
</tr>
<tr>
<td>Deposits from members</td>
<td>15</td>
<td>7,168,601</td>
<td>7,324,598</td>
</tr>
<tr>
<td>Accruals and other liabilities</td>
<td>16</td>
<td>956,338</td>
<td>387,750</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>10,238,506</td>
<td>8,847,836</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>10,838,256</td>
<td>10,537,760</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>17</td>
<td>164,156</td>
<td>160,045</td>
</tr>
<tr>
<td>Statutory reserve</td>
<td>18</td>
<td>235,067</td>
<td>235,067</td>
</tr>
<tr>
<td>Education development fund</td>
<td>19</td>
<td>45,450</td>
<td>45,450</td>
</tr>
<tr>
<td>General reserve</td>
<td>20</td>
<td>(5,064,944)</td>
<td>(3,570,794)</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td></td>
<td>(4,620,276)</td>
<td>(3,130,232)</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td></td>
<td>5,618,250</td>
<td>7,407,528</td>
</tr>
</tbody>
</table>

The notes on pages 15 to 25 are an integral part of these special purpose financial statements.

The special purpose financial statements on pages 9 to 27 were approved and authorised for issue by the management committee on 2018 and were signed on its behalf by:

Hyginus Onuegbu
President

Opeyemi Adepoju
Financial Secretary
# Shell East Staff Investment Co-operative Society

Special Purpose Financial Statements  
For the year ended 31 December 2017

*Statement of changes in equity*

<table>
<thead>
<tr>
<th>Notes</th>
<th>Share capital N'000</th>
<th>Statutory reserves N'000</th>
<th>Education development fund N'000</th>
<th>General reserves N'000</th>
<th>Total equity N'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 January 2016</td>
<td>161,013</td>
<td>235,067</td>
<td>45,450</td>
<td>(1,725,533)</td>
<td>(1,284,003)</td>
</tr>
<tr>
<td>Deficit for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total deficit for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transaction with owners:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of treasury shares</td>
<td>(968)</td>
<td></td>
<td>-</td>
<td></td>
<td>(968)</td>
</tr>
<tr>
<td><em>Correction of errors</em></td>
<td></td>
<td></td>
<td>-</td>
<td>(1,165,028)</td>
<td>(1,165,028)</td>
</tr>
<tr>
<td>Total transaction with owners</td>
<td>(968)</td>
<td>-</td>
<td>-</td>
<td>(1,165,028)</td>
<td>(1,165,996)</td>
</tr>
<tr>
<td>Balance at 31 December 2016</td>
<td>160,045</td>
<td>235,067</td>
<td>45,450</td>
<td>(3,570,794)</td>
<td>(3,130,232)</td>
</tr>
<tr>
<td>At 1 January 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deficit for the period</td>
<td>160,045</td>
<td>235,067</td>
<td>45,450</td>
<td>(3,570,794)</td>
<td>(3,130,232)</td>
</tr>
<tr>
<td>Total deficit for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,494,155)</td>
<td>(1,494,155)</td>
</tr>
<tr>
<td>Transaction with owners:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares issued</td>
<td>4,111</td>
<td></td>
<td></td>
<td></td>
<td>4,111</td>
</tr>
<tr>
<td>Total transaction with owners</td>
<td>4,111</td>
<td></td>
<td></td>
<td></td>
<td>4,111</td>
</tr>
<tr>
<td>Balance at 31 December 2017</td>
<td>164,156</td>
<td>235,067</td>
<td>45,450</td>
<td>(5,064,949)</td>
<td>(4,620,276)</td>
</tr>
</tbody>
</table>

*Correction of errors relates to entries made in prior period to reflect the correction of opening balance misstatements and prior year errors (note 20).

The notes on pages 13 to 25 are an integral part of these special purpose financial statements.
# Shell East Staff Investment Co-operative Society

Special Purpose Financial Statements
For the year ended 31 December 2017

## Statement of cash flows

<table>
<thead>
<tr>
<th>Description</th>
<th>Notes</th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>N'000</td>
<td>N'000</td>
</tr>
<tr>
<td>Cash generated from/ (used in) operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>22</td>
<td>1,380,590</td>
<td>(223,873)</td>
</tr>
<tr>
<td>Interest received</td>
<td>3</td>
<td>822,541</td>
<td>961,785</td>
</tr>
<tr>
<td>Interest paid</td>
<td>4</td>
<td>(2,190,441)</td>
<td>(1,305,137)</td>
</tr>
<tr>
<td><strong>Net cash inflow/(outflow) from operating activities</strong></td>
<td></td>
<td>12,690</td>
<td>(568,225)</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in investment property</td>
<td>9</td>
<td>699,725</td>
<td>921,276</td>
</tr>
<tr>
<td>Decrease in value of investment securities</td>
<td>12</td>
<td>49,882</td>
<td>22,696</td>
</tr>
<tr>
<td><strong>Net cash inflow from investing activities</strong></td>
<td></td>
<td>749,307</td>
<td>943,972</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds/ (Withdrawal) from shares issued</td>
<td>17</td>
<td>4,111</td>
<td>(968)</td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>14</td>
<td>200,000</td>
<td>-</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>14</td>
<td>(921,845)</td>
<td>(1,694,098)</td>
</tr>
<tr>
<td><strong>Net cash outflow from financing activities</strong></td>
<td></td>
<td>(717,734)</td>
<td>(1,695,066)</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash and cash equivalents</strong></td>
<td>11</td>
<td>44,263</td>
<td>(1,319,319)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>11</td>
<td>90,077</td>
<td>1,409,396</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the year</strong></td>
<td></td>
<td>134,340</td>
<td>90,077</td>
</tr>
</tbody>
</table>

The notes on pages 13 to 25 are an integral part of these special purpose financial statements.
Shell East Staff Investment Co-operative Society
Special Purpose Financial Statements
For the year ended 31 December 2017
Notes to the special purpose financial statements

1 General information

These special purpose financial statements are those of Shell East Staff Investment Co-operative Society ("the Cooperative"). The Cooperative was registered in Nigeria in 1997 under the Nigeria Co-operative Societies Law, Chapter 28 of 1963 (Rivers State Applicable Laws). The address of its registered office is:

Shell Petroleum Development Company Industrial Area
Rumuobiakani
Port Harcourt
Rivers State

The principal activities of the Cooperative is to protect the economic interests of its members.

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

The principal accounting policies applied in the preparation of these special purpose financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.2 Basis of preparation

The special purpose financial statements for the year ended 31 December 2017 have been prepared in accordance with the Cooperative's accounting policies. Supplementary disclosure information is included where appropriate.

The special purpose financial statements comprise the statement of income and expenditure, the balance sheet, statement of changes in accumulated funds, the statement of cash flows and the notes to the special purpose financial statements.

The special purpose financial statements have been prepared in accordance with the going concern principle under the historical cost concept. All values are rounded to the nearest thousand, except when otherwise indicated. The special purpose financial statements are presented in thousands of Naira.

2.3 Foreign currency translation

a) Functional and presentation currency

Items included in the special purpose financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency and presentation currency of the Cooperative is the Nigerian Naira (N).

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Cooperative’s functional currency are recognised in the statement of income and expenditure within other (loss)/income. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

2.4 Revenue recognition

Interest income, fees and commissions

Interest income is recognised on accrual and time proportion bases using the agreed interest rate. Fees, commissions and other income are recognised as earned upon completion of the related service.

Revenue

Revenue is recognised when the amount of revenue can be reliably measured and when risks and rewards have passed to the customer. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services provided stated net of discounts, returns. The Cooperative bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.
Shell East Staff Investment Co-operative Society
Special Purpose Financial Statements
For the year ended 31 December 2017
Notes to the special purpose financial statements

2.5 Loans and advances
Loans and advances are stated net of provision for bad and doubtful loans. Classification is made accordingly for each account in accordance with the terms of the related facilities. They are classified as current if they are to be settled within one year and non-current if they are to be settled after one year.

The Cooperative in agreement with the members and The Shell Petroleum Development Company of Nigeria (SPDC) has a first line charge on the benefits of members who have loans with the Cooperative. This guarantees the repayment of all loans in the event of disengagement of a member from the employment of SPDC. The management committee makes general impairment provision of 1% of outstanding loans in order take a prudent approach on the valuation of the loans.

2.6 Investment securities
The Cooperative categorises its investment securities as short term investments and long term investments.

i. Short term investments
Short-term investments are investments that management intends to hold for not more than one period.

Short-term investments are carried at the lower of cost and market value. The amount by which cost exceeds market value (unrealised loss) is charged to the statement of income and expenditure.

ii. Long term investments
Long-term investments are investments other than short term investments. Long-term investments may include debt and equity securities.

Long-term investments are carried at cost or at a revalued amount. When there has been a permanent decline in value of a long term investment, the carrying amount of the investment is written down to recognise the loss. Such a reduction is charged to the profit and loss account. Reductions in carrying amount are reversed when there is an increase, other than temporary, in the value of the investment, or if the reasons for the reduction no longer exist.

An increase in carrying amount arising from the revaluation of long-term investments is credited to equity as revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase for the same investment, that has been credited to revaluation surplus and not subsequently reversed or utilised, it is charged against that revaluation surplus rather than income.

An increase on revaluation which is directly related to a previous decrease in carrying amount for the same investment, that was charged to the profit and loss account, is credited to the profit and loss account to the extent that it offsets the previously recorded decrease.

A decline in value of a quoted long term investment is considered permanent when market value remains below carrying value for at least 2 years consistently.

Dividend received is reported as dividend income. Gains or losses on sale of long term investments are recognized as gains or losses on sale of investment securities.

2.7 Cash and cash equivalents
Cash and cash equivalents as shown in the balance sheet comprise cash in hand or bank, deposit held at call with banks and other short-term highly liquid investments with original maturities of three months or less. For the purpose of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

2.8 Employee benefits

2.8.1 Wages, salaries and annual leave
Wages, salaries, bonuses, other contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Cooperative. The Cooperative operates an accumulating leave policy; this can be encashed when the employee is leaving employment. It measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of each reporting period.

The Cooperative operates defined contribution pension scheme for its employees.
Shell East Staff Investment Co-operative Society
Special Purpose Financial Statements
For the year ended 31 December 2017
Notes to the special purpose financial statements

2.6.2 Defined contribution scheme
A defined contribution plan is a pension plan under which the Cooperative pays fixed contributions into a separate entity. In a defined contribution plan, the actuarial risk falls in substance on the employee. The employee contributes 8% while the Cooperative contributes 10% of the emoluments (basic, housing and transport allowance). The Cooperative has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of this scheme are held in separate trustee administered funds, which are funded by contributions from both the employee and the Cooperative. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.9 Statement of cash flows
The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as changes in receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposit held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

The cash flows from investing and financing activities are determined by using the indirect method.

2.10 Provisions
The Cooperative recognises provisions when it has a present obligation, whether legal or constructive as a result of a past event for which it is probable that an outflow of resources embodying economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.11 Leases
Leases are classified as finance leases and operating leases.

i) Operating lease
Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including payments received under operating leases (out of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

ii) Finance lease
Leases of assets where the Cooperative has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease’s commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities if the tenure is more than one year. The interest element of the finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the estimated useful life of the asset.
2.12 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Construction work in progress is not depreciated. All such assets, once available for use are capitalised within the appropriate class of property, plant and equipment and subjected to the applicable depreciation rate in the year they are used.

Land is not depreciated by the Cooperative. Depreciation of property, plant and equipment is calculated using the straight-line method to write down their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Moveable building: Useful life 3 years
- Office equipment: 3 years
- Motor vehicles: 3 years
- Furniture and fittings: 3 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the estimated selling price in the ordinary course of business less costs to sell and its value in use.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and taken into account in determining operating income/expenditure. These gains or losses are recognised within "other operating income or loss" in the statement of income and expenditure.

2.13 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.14 Current income taxation

The Cooperative is exempt from income and education taxes in accordance with section 23(1a) of the Companies Income Tax Act 2004.

2.15 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

The cost of finished goods and work in progress is determined using the first-in, first-out (FIFO) method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but excludes borrowing costs.

Allowance is made for excessive, obsolete and slow moving items. Write-downs to net realizable value and inventory losses are expensed in the period in which the write-downs or losses occur.
Shell East Staff Investment Co-operative Society
Special Purpose Financial Statements
For the year ended 31 December 2017
Notes to the special purpose financial statements

2.16 Borrowings
Borrowings are recognized initially at fair value, as the proceeds received, net of any transaction cost incurred. Borrowings are subsequently recorded at amortized cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted in profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

2.17 Deposits liabilities
Deposit liabilities are amounts received from members of the Cooperative for the purpose of savings. They include savings and term deposits to earn interest income. Deposit liabilities are recognised initially at fair value net of deposit charges. Deposit liabilities are classified as current liabilities in the balance sheet.

2.18 Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is within one year or less. Otherwise, they are classified as non-current liabilities.
Trade payables are recognized initially at cost.

2.19 Share capital
The Cooperative has only one class of shares; ordinary shares. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Investment Properties
Investment properties, principally freehold land and buildings, are held for sale or long-term rental yields. Investment property is measured initially at its cost, including related transaction cost and where applicable borrowing costs. After initial recognition, investment property is carried at fair value. Changes in fair values are presented in profit or loss as part of other income.

2.21 Comparatives
Except when otherwise stated, all amounts are reported or disclosed with comparative information.
Shell East Staff Investment Co-operative Society  
Special Purpose Financial Statements  
For the year ended 31 December 2017  
Notes to the special purpose financial statements

3 Interest income

<table>
<thead>
<tr>
<th>Loan type</th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abuja Mortgage loan</td>
<td>118,674</td>
<td>285,732</td>
</tr>
<tr>
<td>Bank loan disbursed to members</td>
<td>131,041</td>
<td>167,088</td>
</tr>
<tr>
<td>Car loan</td>
<td>36,444</td>
<td>20,302</td>
</tr>
<tr>
<td>Commodity loan</td>
<td>1,780</td>
<td>2,060</td>
</tr>
<tr>
<td>Emperor Estate loan</td>
<td>48,883</td>
<td>30,825</td>
</tr>
<tr>
<td>Exhibition loan</td>
<td>38,178</td>
<td>20,461</td>
</tr>
<tr>
<td>Home Improvement loan</td>
<td>39,820</td>
<td>32,842</td>
</tr>
<tr>
<td>Housing loan</td>
<td>12,859</td>
<td>18,265</td>
</tr>
<tr>
<td>Mortgage loan</td>
<td>28,701</td>
<td>18,117</td>
</tr>
<tr>
<td>Other debtors</td>
<td>46,691</td>
<td>34,339</td>
</tr>
<tr>
<td>Owerri Peninsula</td>
<td>19,446</td>
<td>9,334</td>
</tr>
<tr>
<td>Regular loan</td>
<td>84,580</td>
<td>53,172</td>
</tr>
<tr>
<td>Share Purchase loan</td>
<td>75,911</td>
<td>49,087</td>
</tr>
<tr>
<td>Short term loan</td>
<td>10,410</td>
<td>5,958</td>
</tr>
<tr>
<td>Special loan</td>
<td>19,950</td>
<td>23,348</td>
</tr>
<tr>
<td>Targeted loan</td>
<td>32,373</td>
<td>121,133</td>
</tr>
<tr>
<td>Royal Palm Mortgage-Lekki-loan</td>
<td>53,941</td>
<td>61,655</td>
</tr>
<tr>
<td>Woji Shopping Complex loan</td>
<td>2,526</td>
<td>1,494</td>
</tr>
<tr>
<td>Lekki Phase One Project loan</td>
<td>19,998</td>
<td>5,493</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>822,641</strong></td>
<td><strong>961,785</strong></td>
</tr>
</tbody>
</table>

4 Interest expense

<table>
<thead>
<tr>
<th>Expense type</th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on pooled funds</td>
<td>1,177,278</td>
<td>672,761</td>
</tr>
<tr>
<td>Members' saving interest</td>
<td>488,232</td>
<td>87,372</td>
</tr>
<tr>
<td>Interest on borrowings</td>
<td>515,376</td>
<td>519,641</td>
</tr>
<tr>
<td>Bank charges</td>
<td>9,555</td>
<td>26,259</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,190,441</strong></td>
<td><strong>1,306,137</strong></td>
</tr>
</tbody>
</table>

Members' saving interest refers to interest accrued to members of the Cooperative based on Cooperative savings. Interest on pooled funds are interest accrued on fixed deposits made by members of the Cooperative.

5 Other operating (loss)/ income

<table>
<thead>
<tr>
<th>Income type</th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend income</td>
<td>23,280</td>
<td>20,097</td>
</tr>
<tr>
<td>Registration</td>
<td>680</td>
<td>1,595</td>
</tr>
<tr>
<td>Other administrative income</td>
<td>301,438</td>
<td>198,846</td>
</tr>
<tr>
<td>Administrative write-offs</td>
<td>(363,804)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>(36,406)</strong></td>
<td><strong>220,538</strong></td>
</tr>
</tbody>
</table>

Dividend income relates to dividends earned by the Cooperative on its investments in quoted securities. Registration relates to income of the Cooperative from the registration of members. Administrative write-offs relates to adjustments proposed to correctly state the accounting records of the Company.

6 Salaries and wages

<table>
<thead>
<tr>
<th>Wage type</th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff salary</td>
<td>37,576</td>
<td>36,995</td>
</tr>
<tr>
<td>Pension and other emoluments</td>
<td>1,900</td>
<td>2,228</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39,476</strong></td>
<td><strong>39,223</strong></td>
</tr>
</tbody>
</table>

This relates to the salaries and wages earned by employees of the Cooperative during the year.
Shell East Staff Investment Co-operative Society
Special Purpose Financial Statements
For the year ended 31 December 2017
Notes to the special purpose financial statements

<table>
<thead>
<tr>
<th>Loans and advances to members</th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abuja Mortgage loan</td>
<td>N'000</td>
<td>N'000</td>
</tr>
<tr>
<td>Bank loan disbursed to members</td>
<td>3,088,614</td>
<td>2,308,903</td>
</tr>
<tr>
<td>Car loan</td>
<td>713,489</td>
<td>1,006,434</td>
</tr>
<tr>
<td>Commodity loan</td>
<td>37,310</td>
<td>93,701</td>
</tr>
<tr>
<td>Emperor Estate loan</td>
<td>13,619</td>
<td>28,287</td>
</tr>
<tr>
<td>Exhibitions loan</td>
<td>62,212</td>
<td>193,944</td>
</tr>
<tr>
<td>Home Improvement loan</td>
<td>208,057</td>
<td>30,005</td>
</tr>
<tr>
<td>Housing loan</td>
<td>13,178</td>
<td>93,603</td>
</tr>
<tr>
<td>Mortgage loan</td>
<td>72,978</td>
<td>256,002</td>
</tr>
<tr>
<td>Other debtors</td>
<td>46,584</td>
<td>80,644</td>
</tr>
<tr>
<td>Owerri Pinnisula</td>
<td>840,240</td>
<td>81,271</td>
</tr>
<tr>
<td>Regular loan</td>
<td>54,054</td>
<td>91,845</td>
</tr>
<tr>
<td>Share Purchase loan</td>
<td>109,395</td>
<td>228,125</td>
</tr>
<tr>
<td>Short term loan</td>
<td>191,833</td>
<td>274,497</td>
</tr>
<tr>
<td>Special loan</td>
<td>6,350</td>
<td>17,377</td>
</tr>
<tr>
<td>Targeted loan</td>
<td>3,485</td>
<td>38,878</td>
</tr>
<tr>
<td>Royal Palm Mortgage-Lekki-loan</td>
<td>260,411</td>
<td>759,912</td>
</tr>
<tr>
<td>Woji Shopping Complex loan</td>
<td>1,244</td>
<td>363,186</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,721,963</td>
<td>5,986,180</td>
</tr>
</tbody>
</table>

*Other loans and advances*

<table>
<thead>
<tr>
<th>Total</th>
<th>N'000</th>
<th>N'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lekki Phase One Project Cost</td>
<td>-</td>
<td>95,909</td>
</tr>
<tr>
<td>Other Receivables: Abuja</td>
<td>(83,083)</td>
<td>120,094</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,638,880</td>
<td>6,201,483</td>
</tr>
<tr>
<td>Impairment on loans and advances</td>
<td>(46,388)</td>
<td>(524,787)</td>
</tr>
<tr>
<td><strong>Net loans and advances to members</strong></td>
<td>4,592,492</td>
<td>5,676,726</td>
</tr>
</tbody>
</table>

*Other loans and advances relate to loans and receivables which are not recovered through members payroll.*

Movement in provision for impairment of loans and advances to members is as follows:

<table>
<thead>
<tr>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>N'000</strong></td>
<td><strong>N'000</strong></td>
</tr>
<tr>
<td>At 1 January</td>
<td>524,757</td>
</tr>
<tr>
<td>Provision no longer required</td>
<td>(478,369)</td>
</tr>
<tr>
<td>Additional provision</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December</td>
<td>46,388</td>
</tr>
</tbody>
</table>

Cash and cash equivalents

<table>
<thead>
<tr>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>N'000</strong></td>
<td><strong>N'000</strong></td>
</tr>
<tr>
<td>Cash in hand and at bank</td>
<td>134,340</td>
</tr>
<tr>
<td>Restricted cash at bank</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>134,340</td>
</tr>
</tbody>
</table>

Restricted cash of N5.5 million held at First Bank of Nigeria is due to a court lien placed on it since 13 October 2015 as a result of an existing court case between the Cooperative and a former member of the Cooperative - Chief George Obasogie. This legal case has been settled as at 31 December 2017.
# Shell East Staff Investment Co-operative Society

Special Purpose Financial Statements

For the year ended 31 December 2017

*Notes to the special purpose financial statements*

## 7 General and administrative expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit fees</td>
<td>5,850</td>
<td>3,000</td>
</tr>
<tr>
<td>Software maintenance</td>
<td>7,083</td>
<td>7,083</td>
</tr>
<tr>
<td>Legal and other professional fee</td>
<td>7,273</td>
<td>5,999</td>
</tr>
<tr>
<td>Motor vehicles expenses</td>
<td>560</td>
<td>1,103</td>
</tr>
<tr>
<td>Members' end of year gift</td>
<td>11,999</td>
<td>29,194</td>
</tr>
<tr>
<td>Office and general expenses'</td>
<td>8,789</td>
<td>4,918</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>41,534</strong></td>
<td><strong>53,367</strong></td>
</tr>
</tbody>
</table>

## 8 Provisions and similar charges

<table>
<thead>
<tr>
<th>Item</th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss in value of investment securities (note 12)</td>
<td>49,582</td>
<td>22,596</td>
</tr>
<tr>
<td>Emperor Garden property valuation write-off (note 9)</td>
<td>-</td>
<td>73,901</td>
</tr>
<tr>
<td>Splendid Scenery property valuation write-off (note 9)</td>
<td>(5,284)</td>
<td>-</td>
</tr>
<tr>
<td>Abujia property valuation write-off (note 9)</td>
<td>441,910</td>
<td>109,201</td>
</tr>
<tr>
<td>Bad debt (write-back)/ expense (note 10)</td>
<td>(478,399)</td>
<td>258,331</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,839</strong></td>
<td><strong>483,929</strong></td>
</tr>
</tbody>
</table>

## 9 Investment properties

<table>
<thead>
<tr>
<th>Investment property</th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Splendid Scenery (Iguurita)</td>
<td>68,000</td>
<td>35,716</td>
</tr>
<tr>
<td>Spy Iguurita Phase II</td>
<td>-</td>
<td>1,714</td>
</tr>
<tr>
<td>Land; Emperor Garden</td>
<td>95,445</td>
<td>99,480</td>
</tr>
<tr>
<td>Rumuigbo Residential</td>
<td>46,992</td>
<td>46,992</td>
</tr>
<tr>
<td>Woji Market</td>
<td>14,000</td>
<td>14,000</td>
</tr>
<tr>
<td>Abujia Estates</td>
<td>550,650</td>
<td>1,287,500</td>
</tr>
<tr>
<td>Bluesteel Boulevard</td>
<td>13,950</td>
<td>4,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>788,178</strong></td>
<td><strong>1,457,903</strong></td>
</tr>
</tbody>
</table>

Fair value movement of investment properties is as follows:

<table>
<thead>
<tr>
<th>Investment property</th>
<th>Fair value at 1 January 2017</th>
<th>Acquisitions</th>
<th>Disposals</th>
<th>Write off increase/(decrease)</th>
<th>Fair Value at 31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Splendid Scenery (Iguurita)</td>
<td>33,716</td>
<td>28,000</td>
<td>(1,714)</td>
<td>(6,284)</td>
<td>68,000</td>
</tr>
<tr>
<td>Spy Iguurita Phase II</td>
<td>1,714</td>
<td>-</td>
<td>(1,714)</td>
<td>-</td>
<td>1,714</td>
</tr>
<tr>
<td>Land; Emperor Garden</td>
<td>99,480</td>
<td>(4,035)</td>
<td>-</td>
<td>95,445</td>
<td></td>
</tr>
<tr>
<td>Rumuigbo Residential</td>
<td>46,992</td>
<td>-</td>
<td>-</td>
<td>46,992</td>
<td></td>
</tr>
<tr>
<td>Woji Market</td>
<td>14,000</td>
<td>-</td>
<td>-</td>
<td>14,000</td>
<td></td>
</tr>
<tr>
<td>Abujia Estates</td>
<td>1,287,500</td>
<td>80,000</td>
<td>(375,000)</td>
<td>(441,910)</td>
<td>550,590</td>
</tr>
<tr>
<td>Bluesteel Boulevard</td>
<td>4,500</td>
<td>-</td>
<td>8,500</td>
<td>13,050</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,487,903</strong></td>
<td><strong>116,650</strong></td>
<td>(380,749)</td>
<td>(435,626)</td>
<td><strong>788,178</strong></td>
</tr>
</tbody>
</table>

Abuja Estates include 5-bedroom terrace duplexes, 4-bedroom terrace duplexes, 3-bedroom bungalows and two plots of land designated for school buildings within the Cooperative’s estate in Gadawa district, Abuja.
### 12. Investment securities

#### Shares in short term quoted companies:

Investment securities comprise of shares held as follows:

<table>
<thead>
<tr>
<th>Company</th>
<th>Quantity (units)</th>
<th>Price (Naira)</th>
<th>Value (Naira)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access Insurance Plc</td>
<td>10,050,000</td>
<td>0.02</td>
<td>52260000</td>
</tr>
<tr>
<td>Access Bank Of Nigeria Plc</td>
<td>169,655</td>
<td>10.45</td>
<td>1791202</td>
</tr>
<tr>
<td>Dangote Cement Plc</td>
<td>5,143</td>
<td>230.00</td>
<td>1182350</td>
</tr>
<tr>
<td>Diamond Bank Plc</td>
<td>110,220</td>
<td>1.50</td>
<td>165330</td>
</tr>
<tr>
<td>FBN Holdings Plc</td>
<td>3,656,103</td>
<td>3.80</td>
<td>1373705</td>
</tr>
<tr>
<td>FCMB Group Plc</td>
<td>37,335</td>
<td>1.48</td>
<td>55226</td>
</tr>
<tr>
<td>Fidelity Bank Plc</td>
<td>8,464,426</td>
<td>2.5</td>
<td>21357888</td>
</tr>
<tr>
<td>Guaranty Trust Bank Plc</td>
<td>739,681</td>
<td>45.75</td>
<td>3377521</td>
</tr>
<tr>
<td>May &amp; Baker Nigeria Plc</td>
<td>72,500</td>
<td>2.60</td>
<td>187200</td>
</tr>
<tr>
<td>Mobil Oil Nigeria Plc</td>
<td>300</td>
<td>19.6</td>
<td>5880</td>
</tr>
<tr>
<td>E.I. Industries Plc</td>
<td>250</td>
<td>20.50</td>
<td>5125</td>
</tr>
<tr>
<td>UAC Property Development Co. Plc</td>
<td>312</td>
<td>2.73</td>
<td>870</td>
</tr>
<tr>
<td>Union Homes Savings And Loans Ltd</td>
<td>-39,662</td>
<td>3.04</td>
<td>120669</td>
</tr>
<tr>
<td>United Bank For Afica</td>
<td>358,189</td>
<td>10.30</td>
<td>3680347</td>
</tr>
<tr>
<td>Wema Bank</td>
<td>4,239,000</td>
<td>0.03</td>
<td>2,262,880</td>
</tr>
<tr>
<td>Zenith International Bank Plc</td>
<td>127,000</td>
<td>25.64</td>
<td>3281900</td>
</tr>
</tbody>
</table>

**Total:** 100,965,687

**Movement in value of investment securities is as follows:**

<table>
<thead>
<tr>
<th></th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January</td>
<td>N’000</td>
<td>N’000</td>
</tr>
<tr>
<td>Loss in value of investment securities</td>
<td>109,614</td>
<td>173,145</td>
</tr>
<tr>
<td>At 31 December</td>
<td>N’000</td>
<td>N’000</td>
</tr>
</tbody>
</table>

#### 13 Prepayments

Prepayment relates to annual fee for support on the Cooperative’s accounting software.

<table>
<thead>
<tr>
<th></th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N’000</td>
<td>N’000</td>
</tr>
<tr>
<td></td>
<td>2,233</td>
<td>2,233</td>
</tr>
</tbody>
</table>

#### 14 Borrowings

<table>
<thead>
<tr>
<th></th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current</td>
<td>N’000</td>
<td>N’000</td>
</tr>
<tr>
<td>Bank loans</td>
<td></td>
<td>1,682,924</td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans</td>
<td>1,682,924</td>
<td>1,682,924</td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>200,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,882,924</td>
<td>1,682,924</td>
</tr>
</tbody>
</table>

**Total Borrowings**

**Details of borrowings are as follows:**

**Guaranty Trust Bank:**

The Cooperative obtained this facility of N3 billion from the bank on 25 November 2016 to finance the Cooperative's consumer loan scheme for on-lending to qualifying members of the Cooperative. The facility has a tenor of 48 months with interest rate of 16% p.a. subject to review in line with money market realities. The facility is secured with irrevocable standing payment instruction from the Cooperative to SPDC's payroll manager to disburse N200 million monthly derived from members' entitlements in the Cooperative's account with the bank.
Shell East Staff Investment Co-operative Society
Special Purpose Financial Statements
For the year ended 31 December 2017
Notes to the special purpose financial statements

Zenith Bank
The Cooperative obtained this facility of N4,54 billion from the bank on 23 September 2015 to finance the Cooperative’s consumer loan scheme for on-lending to qualifying members of the Cooperative. The facility has a tenure of 60 months with interest rate of 18% per annum subject to review in line with money market realities. The interest rate was reviewed upwards to 2017 to 24%. The facility is secured with irrecoverable letter of instruction from the Cooperative to SPDC’s payroll manager to deduct repayments directly from members’ payroll.

New Prudential Mortgage Bank
The Cooperative obtained this facility of N200 million from the bank on 23 March 2017 to finance house construction schemes. The facility has a tenure of 12 months with an interest rate of 18% per annum subject to review in line with market realities. The facility is secured on personal guarantee from three management committee members and undated cheques for principal and interest.

<table>
<thead>
<tr>
<th>Source of facility</th>
<th>Facility type</th>
<th>31 December 2016 N'000</th>
<th>(Repayment)/drawdown</th>
<th>31 December 2017 N'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranty Trust Bank Plc.</td>
<td>Term loan</td>
<td>1,561,419</td>
<td>(620,472)</td>
<td>1,940,947</td>
</tr>
<tr>
<td>Zenith Bank Plc.</td>
<td>Term loan</td>
<td>1,250,923</td>
<td>(201,373)</td>
<td>2,458,020</td>
</tr>
<tr>
<td>New Prudential Mortgage Bank</td>
<td>Overdraft</td>
<td>200,000</td>
<td></td>
<td>200,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,823,412</td>
<td>(721,845)</td>
<td>2,103,567</td>
</tr>
</tbody>
</table>

15 Deposits from members

<table>
<thead>
<tr>
<th>Members’ savings</th>
<th>31 December 2017 N'000</th>
<th>31 December 2016 N'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members’ savings</td>
<td>2,187,494</td>
<td>1,945,143</td>
</tr>
<tr>
<td>Pooled funds deposits</td>
<td>4,954,197</td>
<td>5,378,465</td>
</tr>
<tr>
<td></td>
<td>7,141,691</td>
<td>7,323,608</td>
</tr>
</tbody>
</table>

Members’ savings refers to amounts saved by members of the Cooperative. Pooled funds deposits are interest bearing deposits made by members of the Cooperative.

16 Accruals and other liabilities

<table>
<thead>
<tr>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>N'000</td>
<td>N'000</td>
</tr>
<tr>
<td>Accruals</td>
<td>11,349</td>
</tr>
<tr>
<td>Other payables</td>
<td>953,096</td>
</tr>
<tr>
<td></td>
<td>964,445</td>
</tr>
</tbody>
</table>

Other payables relate to payments due to suppliers of commodities borne by the Cooperative on behalf of its members.

27 Share capital

<table>
<thead>
<tr>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>N'000</td>
<td>N'000</td>
</tr>
<tr>
<td>Called-up share capital</td>
<td>166,045</td>
</tr>
</tbody>
</table>

During the year, the Cooperative sold new shares to a number of new and/or existing members of the Cooperative and repurchased shares issued to leaving members who are no longer subscribers. The value of each share is N50.

<table>
<thead>
<tr>
<th>Number of shareholders</th>
<th>Value of shares (N'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>At beginning of the year</td>
<td>2,580</td>
</tr>
<tr>
<td>Additions</td>
<td>49</td>
</tr>
<tr>
<td>Withdrawals</td>
<td>-</td>
</tr>
<tr>
<td>At year end</td>
<td>2,629</td>
</tr>
</tbody>
</table>

23
### Shell East Staff Investment Co-operative Society

**Special Purpose Financial Statements**

**For the year ended 31 December 2017**

**Notes to the special purpose financial statements**

<table>
<thead>
<tr>
<th>18 Statutory reserve</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory reserve</td>
<td>235,067</td>
<td>235,067</td>
</tr>
</tbody>
</table>

Statutory reserves represent 5% of surplus of income over deficit. The balance has been carried forward as the Cooperative had no surplus in the year.

<table>
<thead>
<tr>
<th>19 Education development fund</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Education development fund</td>
<td>45,450</td>
<td>45,450</td>
</tr>
</tbody>
</table>

Education development fund represents 2.5% of surplus of income over deficit which is retained for the training of the Cooperative's employees. The balance has been carried forward as the Cooperative had no surplus in the year.

<table>
<thead>
<tr>
<th>20 General reserve</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 1 January</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss for the year</td>
<td>(3,570,794)</td>
<td>(1,725,533)</td>
</tr>
<tr>
<td>Correction of errors</td>
<td>(1,494,155)</td>
<td>(680,233)</td>
</tr>
<tr>
<td>Balance as at 31 December</td>
<td>(5,064,949)</td>
<td>(1,405,766)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>21 Earnings/(loss) per share</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings/loss per share (EPS) is calculated by dividing the profit/(loss) attributable to equity holders of the Cooperative by the weighted average number of ordinary shares outstanding at the end of the reporting period.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>22 Cash generated from/(used in) operating activities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deficit of income over expenditure</td>
<td>(1,494,155)</td>
<td>(680,233)</td>
</tr>
<tr>
<td>Adjustment for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Prior year adjustment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in working capital:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Decrease/(increase)in loans and other receivables</td>
<td>10</td>
<td>1,084,234</td>
</tr>
<tr>
<td>-Increase/(decrease) in other payables</td>
<td>16</td>
<td>578,608</td>
</tr>
<tr>
<td>-(Decrease)/ Increase in members deposits</td>
<td>15</td>
<td>(155,997)</td>
</tr>
<tr>
<td>Cash generated from/(used in) operations</td>
<td>1,380,599</td>
<td>(223,873)</td>
</tr>
</tbody>
</table>
Shell East Staff Investment Co-operative Society
Special Purpose Financial Statements
For the year ended 31 December 2017
Notes to the special purpose financial statements

27 Events after reporting period

27a Management committee
A new management committee was set up and the members were sworn into office on 13 March 2018. This management committee has taken responsibility for authorising these special purpose financial statements. The management committee comprises:

Names                                      Designation
Hyginus Asiobu                             President
Martins Amba                              Vice President
Austin Ogbo                                General Secretary
Ekpehene Unoidem                           Assistant General Secretary
Dennis Ahamisi                            Treasurer
Opayemi Adegoju                           Financial Secretary*
Simon Ogbe                               Ex-Officio member

*Appointed at the 2018 AGM in June 2018.

27b Audit committee
A new audit committee was set up and the members were sworn into office on 13 March 2018. The audit committee comprises:

Chinagor Erubia                          Chairman, audit committee
John Amanchukwa                           Secretary, audit committee
Neria Nwoya                               Audit committee member
Olakemi Popojudi                          Audit committee member

There were no other significant post balance sheet events which could have a material effect on the state of affairs of the Cooperative as at 31 December 2017 and on the income for the year ended on that date, which have not been adequately provided for or disclosed in this set of special purpose financial statements.

28a Basis of accounting
The special purpose financial statements have been prepared in accordance with the Cooperative's accounting policies only (Note 2.b).

28b Restriction of use
These special purpose financial statements are restricted to use by only members of the Cooperative and not for distribution to any body or third parties.

29 Going concern
The Company made a loss of N1.5 billion (2016: N0.7 billion) on interest income of N822.5 million (2016: N961.8 million) during the year and is in a net liability position of N44.8 billion as at the year ended 31 December 2017 (2016: N32.1 billion).

The management committee have undertaken the following steps to address the situation and improve profitability and its cashflows:

a) Restructuring of external loan rates with two financial institutions.
b) Restructuring of the Cooperative’s loan rates to members by using cost reflective interest rates.
c) Conversion of long outstanding members’ loans to pay roll loans (thereby reducing receivables and improving cashflow).
d) Standardising and increasing commission rates for properties sold on behalf of third party.

The management committee are hopeful that the steps taken will have a successful outcome and result in significant improvements in the Cooperative’s operating results and financial position.

These conditions indicate that there is a material uncertainty that may cast significant doubt on the Cooperative’s ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The management committee concludes that they have a reasonable expectation that the Cooperative can continue in operational existence for the foreseeable future. For these reasons the Cooperative continues to adopt the going concern basis in preparing the annual report and accounts.
Shell East Staff Investment Co-operative Society

Special Purpose Financial Statements

For the year ended 31 December 2017

Notes to the special purpose financial statements

43. Related parties

The members of the Cooperative are staff of The Shell Petroleum Development Company of Nigeria (SPDC). The Cooperative conducts its activities with recourse to SPDC’s facilities. Repayments of loans granted by the Cooperative are received from members through deductions made from their salaries and benefits by SPDC’s payroll administrator and transferred to the Cooperative.

There was no other transactions with SPDC during the year.

44. Key management compensation

Key management personnel of the Cooperative includes the management committee members. The management committee members are staff of SPDC. No compensation was paid or is payable to key management personnel by the Cooperative.

Employees information

The average number of persons employed by the Company during the period was as follows:

<table>
<thead>
<tr>
<th></th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N’000</td>
<td>N’000</td>
</tr>
<tr>
<td>Management</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Senior Staff</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Junior Staff</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

Staff cost for the above persons:

<table>
<thead>
<tr>
<th></th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N’000</td>
<td>N’000</td>
</tr>
<tr>
<td>Salaries and allowances</td>
<td>37,576</td>
<td>36,595</td>
</tr>
<tr>
<td>Pension costs - defined contribution plans</td>
<td>1,900</td>
<td>2,328</td>
</tr>
<tr>
<td></td>
<td>39,476</td>
<td>39,923</td>
</tr>
</tbody>
</table>

The table below shows the number of employees who received remuneration in the following ranges:

<table>
<thead>
<tr>
<th></th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N’000</td>
<td>N’000</td>
</tr>
<tr>
<td>Below N1,000,000</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>N1,000,001 - N2,000,000</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>N2,000,001 - N4,000,000</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>N4,000,001 - N5,000,000</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Above N5,000,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>16</td>
<td>16</td>
</tr>
</tbody>
</table>

5a. Pending litigations

The Company entered into an agreement with a third party construction company, Formed Properties to purchase land and construct buildings for sale on behalf of its members in Lekki Phase One, Lagos in 2015. The Cooperative withdrew from the partnership due to management's decision in 2016. Invoiced funds were recovered except for N5.2 million which is currently before the Economic and Financial Crimes Commission (EFCC) to assist with recovery of this balance and subsequently a subject of litigation. However, this balance has been written off the books pending the outcome of the litigation.

5b. Contingent liabilities

At the balance sheet date, there were no other pending liability, capital commitments nor contingent liabilities arising in the ordinary course of business with material effect on the special purpose financial statements (2016: nil).

5c. Commitments

The Cooperative had no capital commitments as at 31 December 2017 (2016: Nil).
Shell East Staff Investment Co-operative Society
Supplementary Disclosures
For the year ended 31 December 2017
Value added statement

<table>
<thead>
<tr>
<th></th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Interest income</td>
<td>822,541</td>
<td>961,785</td>
</tr>
<tr>
<td>Local</td>
<td>(48,873)</td>
<td>(517,296)</td>
</tr>
<tr>
<td>Other income</td>
<td>(38,106)</td>
<td>220,838</td>
</tr>
<tr>
<td><strong>Value added</strong></td>
<td><strong>735,762</strong></td>
<td><strong>665,027</strong></td>
</tr>
</tbody>
</table>

Applied as follows:

To pay employees
- Wages, salaries and other benefits

To pay providers of capital:
- Finance cost

To provide for enhancement of assets and growth:
- Depreciation of plant, property and equipment
- Deficit for the year

<table>
<thead>
<tr>
<th></th>
<th>31 December 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>To pay employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages, salaries and other benefits</td>
<td>39,476</td>
<td>39,476</td>
</tr>
<tr>
<td>To pay providers of capital:</td>
<td>249,441</td>
<td>130,657</td>
</tr>
<tr>
<td>Finance cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To provide for enhancement of assets and growth:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of plant, property and equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deficit for the year</td>
<td>(1,452,355) (202)</td>
<td>(680,233) (102)</td>
</tr>
<tr>
<td><strong>Value added</strong></td>
<td><strong>735,762</strong></td>
<td><strong>665,027</strong></td>
</tr>
</tbody>
</table>
# Shell East Staff Investment Co-operative Society

## Supplementary Disclosures

For the year ended 31 December 2017

**Five year financial summary**

### Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015 (Restated)</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N’000</td>
<td>N’000</td>
<td>N’000</td>
<td>N’000</td>
<td>N’000</td>
</tr>
<tr>
<td><strong>Capital employed:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>164,156</td>
<td>160,045</td>
<td>161,013</td>
<td>128,189</td>
<td>206,844</td>
</tr>
<tr>
<td>Statutory reserves</td>
<td>235,067</td>
<td>235,067</td>
<td>235,067</td>
<td>235,067</td>
<td>212,548</td>
</tr>
<tr>
<td>Education development fund</td>
<td>45,630</td>
<td>45,630</td>
<td>45,630</td>
<td>45,630</td>
<td>42,216</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(6,054,949)</td>
<td>(3,570,724)</td>
<td>(2,725,533)</td>
<td>(1,294,088)</td>
<td>(3,399,639)</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>(4,620,276)</td>
<td>(3,150,233)</td>
<td>(2,884,093)</td>
<td>(857,182)</td>
<td>(871,531)</td>
</tr>
</tbody>
</table>

**Represented by:**

<table>
<thead>
<tr>
<th></th>
<th>N’000</th>
<th>N’000</th>
<th>N’000</th>
<th>N’000</th>
<th>N’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>4,729,165</td>
<td>5,759,136</td>
<td>6,499,042</td>
<td>9,110,612</td>
<td>12,041,089</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(10,236,565)</td>
<td>(8,847,826)</td>
<td>(8,789,162)</td>
<td>(7,483,044)</td>
<td>(8,160,719)</td>
</tr>
<tr>
<td><strong>Net current liabilities</strong></td>
<td>(5,507,390)</td>
<td>(3,088,690)</td>
<td>(2,280,120)</td>
<td>(2,373,436)</td>
<td>(4,109,670)</td>
</tr>
<tr>
<td><strong>Net liabilities</strong></td>
<td>(4,620,276)</td>
<td>(3,150,233)</td>
<td>(2,884,093)</td>
<td>(857,182)</td>
<td>(871,531)</td>
</tr>
</tbody>
</table>

### Income and expenditure

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N’000</td>
<td>N’000</td>
<td>N’000</td>
<td>N’000</td>
<td>N’000</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>784,335</td>
<td>1,127,692</td>
<td>1,127,692</td>
<td>1,192,287</td>
<td>812,656</td>
</tr>
<tr>
<td>Net interest (lost)/income</td>
<td>(3,367,900)</td>
<td>(344,359)</td>
<td>(400,459)</td>
<td>245,825</td>
<td>363,326</td>
</tr>
<tr>
<td>Net operating expenses</td>
<td>(126,625)</td>
<td>(335,881)</td>
<td>(155,724)</td>
<td>(168,818)</td>
<td>(132,246)</td>
</tr>
<tr>
<td><strong>(Deficit)/surplus of income over expenditure</strong></td>
<td>(1,494,156)</td>
<td>(680,233)</td>
<td>(555,729)</td>
<td>90,907</td>
<td>230,082</td>
</tr>
<tr>
<td><strong>(Loss)/earnings per share (Naira)</strong></td>
<td>(910)</td>
<td>(423)</td>
<td>(343)</td>
<td>72</td>
<td>112</td>
</tr>
</tbody>
</table>

Loss per share is calculated by dividing the profit attributable to equity holders of the Cooperative by the weighted average number of ordinary shares outstanding at the end of the reporting period.
**Shell East Staff Investment Co-operative Society**  
Special Purpose Financial Statements  
For the year ended 31 December 2018  
*Statement of income and expenditure*

<table>
<thead>
<tr>
<th></th>
<th>31 December 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N’000</td>
<td>N’000</td>
</tr>
<tr>
<td>Interest income</td>
<td>802,733</td>
<td>822,541</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(1,683,783)</td>
<td>(2,190,443)</td>
</tr>
<tr>
<td><strong>Net interest loss</strong></td>
<td>(881,050)</td>
<td>(1,367,902)</td>
</tr>
<tr>
<td>Other operating (loss)/income</td>
<td>1,140,826</td>
<td>(38,406)</td>
</tr>
<tr>
<td><strong>Net profit/(loss) before provisions and similar charges</strong></td>
<td>259,775</td>
<td>(1,406,306)</td>
</tr>
<tr>
<td>Provisions and similar charges</td>
<td>18,735</td>
<td>(6,839)</td>
</tr>
<tr>
<td><strong>Net Profit/(loss) after provisions and similar charges</strong></td>
<td>278,511</td>
<td>(1,413,145)</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>(63,816)</td>
<td>(39,476)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(128,900)</td>
<td>(41,534)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Surplus/(Deficit) of income over expenditure</strong></td>
<td><strong>85,755</strong></td>
<td><strong>(444,155)</strong></td>
</tr>
</tbody>
</table>

*Note that is is a draft and it is being reviewed by our external auditors*