MOBIL OIL NIGERIA plc

Audited Financial Statements for the year ended 31 December, 2015

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOBIL OIL NIGERIA PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Mobil Oil Nigeria plc, which comprise the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Mobil Oil Nigeria plc as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council Act, No 6, 2011.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MOBIL OIL NIGERIA PLC - Continued

Report on Other Legal and Regulatory Requirements

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) in our opinion, proper books of account have been kept by the Company, so far as it appears from examination of those books;

iii) the Company's Statement of Financial Position and it's Profit or Loss and other comprehensive income are in agreement with the books of account.

Yemi Odutola FCA
FRC/2012/ICAN/00000000141

For: Ernst & Young
(Chartered Accountants)
Lagos, Nigeria.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A0917871

24 March 2016

Statement of Financial Position as at December 31, 2015

	Notes	2015 N. '000	2014 N. '000
Assets			
Non-Current Assets			
Property, plant and equipment	3	7,612,813	7,287,171
Investment property	4	29,288,265	26,954,798
Intangible assets	6	100,862	121,838
Prepayments	8	1,598,378	1,552,726
Deferred tax	7	156,455	1,049,185
		38,756,773	**36,965,718**
Current Assets			
Inventories	9	5,878,400	4,364,245
Trade and other receivables	10	6,028,505	7,342,543
Prepayments	8	190,200	142,625
Cash and cash equivalents	13	3,218,211	411,444
		15,315,316	**12,260,857**
Total Assets		**54,072,089**	**49,226,575**
Equity and Liabilities			
Equity			
Share capital	14	194,678	194,678
Retained income and other reserves	15	15,168,723	13,354,772
		15,363,401	**13,549,450**
Liabilities			
Non-Current Liabilities			
Retirement benefit obligation	17	3,279,629	1,853,525
Deferred income	18	21,148,601	17,481,536
		24,428,230	**19,335,061**
Current Liabilities			
Trade and other payables	21	9,824,419	9,882,281
Borrowing	16	413,371	1,708,955
Deferred income	18	3,901,137	2,401,927
Current tax payable	20	141,531	2,348,901
		14,280,458	**16,342,064**
Total Liabilities		**38,708,688**	**35,677,125**
Total Equity and Liabilities		**54,072,089**	**49,226,575**

The financial statements, accounting policies and the notes were approved by the board of directors on the March 24, 2016 and were signed on its behalf by:

Mr. Adetunji A. Oyebanji
(FRC/2014/IODN/00000007151)

Mr. Alastair J. MacNaughton
(FRC/2013/IODN/00000003867)

Mrs. Helen I. Idiake
(FRC/2014/ICAN/00000007153)

Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2015

	Notes	2015 N. '000	2014 N. '000
Revenue	24	64,220,901	79,583,738
Cost of sales		(53,229,847)	(68,846,436)
Gross profit		**10,991,054**	**10,737,302**
Other operating income	25	4,670,282	2,374,323
Selling & distribution expenses	26	(5,517,566)	(5,226,522)
Administrative expenses	26	(3,165,076)	(2,115,561)
Other operating expense	26	(23,427)	(147,524)
Operating profit		**6,955,267**	**5,622,018**
Finance income		74,135	158,633
Gain on disposal of investment property		-	2,851,585
Finance costs	27	(123,080)	(186,099)
Profit before taxation		**6,906,322**	**8,446,137**
Income tax expense	28	(2,033,393)	(2,053,347)
Profit for the year		**4,872,929**	**6,392,790**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements on net defined benefit liability		(998,601)	(319,704)
Income tax relating to items that will not be reclassified		319,552	102,305
Total items that will not be reclassified to profit or loss		**(679,049)**	**(217,399)**
Total items that may be reclassified to profit or loss		-	-
Other comprehensive income for the year net of taxation	29	**(679,049)**	**(217,399)**
Total comprehensive income for the year net of taxation		**4,193,880**	**6,175,391**
Earnings per share			
Per share information			
Basic & diluted earnings per share (kobo)	30	1,351	1,773

Statement of Changes in Equity for the year ended December 31, 2015

	Share capital N '000	Share premium N '000	Total share capital N '000	Other Reserves N '000	Retained earnings N '000	Total equity N '000
For the year ended 31 December 2014						
Balance as at 1 January, 2014	180,298	14,380	194,678	(907,002)	10,249,955	9,537,631
Profit for the year	-	-	-	-	6,392,790	6,392,790
Other comprehensive income for the year	-	-	-	(217,399)	-	(217,399)
Total	180,298	14,380	194,678	(1,124,401)	16,642,745	15,713,022
Dividends	-	-	-	-	(2,163,572)	(2,163,572)
Balance as at 31 December, 2014	180,298	14,380	194,678	(1,124,401)	14,479,173	13,549,450
For the year ended 31 December 2015						
Profit for the period	-	-	-	-	4,872,929	4,872,929
Other comprehensive income for the period	-	-	-	(679,049)	-	(679,049)
Total	180,298	14,380	194,678	(1,803,450)	19,352,103	17,743,331
Dividends	-	-	-	-	(2,379,929)	(2,379,929)
Balance as at 31 December, 2015	180,298	14,380	194,678	(1,803,450)	16,972,173	15,363,401
Note	14	14	14	15	15	

Mobil Oil Nigeria plc.

(Registration number RC 914)
Financial Statements for the year ended December 31, 2015

Statement of Cash Flows for the year ended December 31, 2015

	Notes	2015 N. '000	2014 N. '000
Cash flows from operating activities			
Cash generated from operations	31	14,186,784	7,872,797
Tax paid	20	(3,028,480)	(2,241,192)
Net cash generated from operating activities		**11,158,304**	**5,631,605**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(887,292)	(824,561)
Proceeds from sale of property, plant and equipment	3	-	25,311
Purchase of investment property assets	4	(3,749,645)	(6,787,104)
Acquisition of lease assets		-	-
Purchase of other intangible assets	6	-	(15,045)
Proceeds from sale of asset held for sale		-	2,979,661
Interest received		74,135	158,633
Net cash used in investing activities		**(4,562,802)**	**(4,463,105)**
Cash flows from financing activities			
Proceeds from borrowing		413,371	622,696
Repayment of borrowing		(1,708,955)	-
Dividends paid	32	(2,379,929)	(2,163,572)
Finance costs		(123,080)	(186,099)
Net cash from financing activities		**(3,798,593)**	**(1,726,975)**
Net increase/(decrease) in cash and cash equivalents		**2,796,909**	**(558,475)**
Cash and cash equivalents at 1 January		411,444	961,706
Effect of exchange rate movement on cash balances		9,858	8,213
Cash and cash equivalents at 31 December	13	**3,218,211**	**411,444**

Included in the purchase of investment property assets is capitalised interest of N11M (2014:N598M)

Accounting Policies

The Company

Mobil Oil Nigeria plc. was incorporated as a Private Limited Liability Company in 1951. It became a public limited liability company in 1978 and its share capital is listed on the Nigerian Stock Exchange.

ExxonMobil Oil Corporation, U.S.A., holds 60% of the issued share capital while other investors hold 40%.

The Company was formed principally for the marketing of petroleum products. The Petroleum products the company sells include; Petrol, Diesel, Aviation fuel, Kerosene and Lubricants. Petrol, Diesel, and Kerosene are mainly sold through the company's service stations while Lubricants are sold through the distributors. Aviation fuel is sold at Murtala Muhammed Airport.

All the fuels which the Company sells are purchased either from the Nigerian National Petroleum Corporation or from other third party suppliers. Lubricants are blended locally or purchased from associated companies.

The company also has some investment properties which are leased out to a related party at market rate in an arm's length transaction.

Significant accounting policies

1. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

2. Functional and presentation currency

The Company's presentation currency and functional currency is Nigerian Naira.

3. Basis of measurement

The financial statements have been prepared under the historical cost convention.

4. Use of estimates and judgment

In preparing the financial statements, management is required to make use of estimates and assumptions that affects the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements

5. Current versus non-current classification

MON presents assets and liabilities in the statement of financial position based on current and/or non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Is due to be settled within 12 months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

Non-current assets are due to be settled more than 12 months after the reporting period.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current

6. Interest in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Mobil Oil Nigeria plc. accounts for the assets, liabilities and expenses relating to its interest in its joint operations in accordance with applicable IFRSs.

7. Investment property

Investment property is recognised as an asset when it is probable that the future economic benefits associated with the investment property will flow to the Company and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. Where a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Subsequent costs are included in the carrying amount of the investment property 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 Company and the cost of the item can be measured reliably.

Cost model

Investment property is carried at cost, less depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Average useful life (years)
Land	Infinite
Buildings	20 - 50
Plant and equipment	10 - 30
Fixtures and fittings	5 - 15

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Accounting Policies

8. Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. 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 Company and the cost of the item can be measured reliably. Interest is capitalized as an increase in property, plant and equipment on major capital projects during construction. All property, plant and equipment are stated at historical cost less depreciation. Repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Residual values, method of amortization and useful lives of the assets are reviewed consistently and adjusted when appropriate.

When significant parts of plant and equipment are required to be replaced at intervals, MON depreciates them separately based on their specific useful lives

Impairment losses and gains and losses on disposals of property, plant and equipment and are included in profit or loss. Incomplete construction relates to uncompleted project which are not depreciated. Upon completion, balances are reclassified to the relevant asset category for depreciation.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life (years)
Land	Infinite
Buildings	20 - 50
Plant and equipment	10 - 30
Fixtures and fittings	5 - 15
Motor vehicles	5 - 10

9. Intangible assets

The Company's intangible assets are classified into three groups:

a) Software License:

These are acquired computer software licenses and are capitalised on the basis of costs incurred to acquire and bring to use the specific software. The costs are amortised on a straight line basis over 15 years which is the estimated useful life of the software. Costs associated with maintaining computer software programs are recognized in expense as incurred.

b) Franchise costs:

These are capitalised amounts paid to UAC Nigeria plc. (UAC), which gives the Company the right to use the "Mr. Biggs" Brand in Mobil Oil Nigeria plc. retail outlets. Amortisation is calculated using the straight line method to allocate the franchise costs over the period of the agreement between Mobil Oil Nigeria plc. and UAC, which has a contractual life of 10 years.

c) Permits

These are capitalized amounts paid to a third-party for a right of way permit. The permit is for 20 years and it is amortised using the straight line method.

Intangible assets amortisation is recognised in profit or loss statement.

Accounting Policies

10. Financial instruments

a) Initial recognition and measurement

Financial instruments are recognised initially when the Company becomes a party to the contractual provisions of the instruments. The Company classifies its financial instruments on initial recognition as a financial asset or a financial liability.

b) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

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

c) Impairment

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.
The Company adopts the following criteria when considering the financial assets not at fair value, in the books:

- Indication of any material decline in market value.
- Significant changes with long term adverse impacts that have taken place during the period or will take place in the near future.
- Material changes in interest rates.
- Evidence of adverse economic performance

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognized.

d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

e) The Company's financial instruments are classified as:

- Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

I. Trade and other receivables

Trade receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset may be impaired. Significant financial difficulties of the debtor, probability that the debtor will file for bankruptcy or conduct financial reorganization, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit and loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit and loss.

II. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments. Bank overdrafts are recognized under current liabilities.

- Financial liabilities at amortized cost

I. Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method

II. Borrowings

Borrowings are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

11. Current and deferred income tax

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

Current income tax liabilities are recognised in line with the provisions of the Companies Income Tax Act. Education tax is determined at 2% of assessable profits. Capital gains tax liability is charged on applicable capital asset disposals where the proceeds are not to be reinvested in a similar asset.

Deferred tax is provided using the liability method on all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes in accordance with the provisions of IAS 12. Current tax rates are used to determine deferred taxes.

Income taxes are recognised in profit or loss except when they relate to items recognized in other comprehensive income, in which case the tax is also recognised in other comprehensive income.

Deferred tax liabilities are recognised for all taxable temporary differences, except: When the deferred tax liability arises from the Initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except: When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

12. Leases

An arrangement is recorded (or contains) as a lease based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a lessee

a) Finance leases

These are leases that transfer substantially all the risks and rewards of ownership to the Company. They are recognised at the commencement of the lease term as finance leases and are capitalized at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Finance lease payments are apportioned between interest expense and repayments of debt.

The Company's finance leases relate to motor vehicles where it bears substantially all risks and rewards. These cars are included as part of Property, Plant and Equipment in the financial statements.

Assets acquired under lease are depreciated using the useful life of the assets. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, they are depreciated over the shorter of the useful life and the lease term.

As a lessor

b) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

The Company owns investment properties which are leased out under operating lease agreements to a related party. The investment properties presented in the statement of financial position are in line with the accounting policy disclosed in note 4.

The lease income from the operating leases is recognized in income on a straight-line basis over the lease term. Costs, including depreciation, incurred in earning the lease income are recognized as an expense.

13. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes expenditure incurred in acquiring and transporting the stock to its present location. Cost is determined using the first-in, first-out (FIFO) method for lubricant products and weighted average method for fuels products. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. If the carrying value exceeds the net realisable value, an inventory write down is recognised.

14. Employee benefits

a) Short term benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation and sick leave, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Accounting Policies

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

b) Post-employment benefits

The Company operates both the defined benefit and the defined contribution pension plan approved by the National Pension Commission.

(i) Defined Benefit - Pension

These are retirement plans that define the amount of pension benefit to be provided and are generally funded by payments to independent pension fund administrators.

The defined benefits plans define an amount of pension benefit that an employee will receive on retirement usually dependent on one or more factors as determined by the actuary. The defined benefit obligation is calculated by the actuary using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to other reserve through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods

Pension cost represents the increase in the actuarial present value of the obligation for pension benefits based on employee service during the year and the interest on this obligation in respect of employee service in previous years, net of the expected return on plan assets.

Since the liability values calculated by the actuary are discounted, they will automatically increase by the discount rate yearly. The interest cost is the expected increase in liability values in the course of the review year.

The service cost is the value of benefits acquired by service rendered in the review year while the past service cost is the increase in the present value of the Benefit Obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, benefits provisions.

(ii) Defined benefit - Gratuity

Included as part of the defined benefit obligation are gratuity benefits which are payable at retirement and is calculated as 8.33% of annual pensionable salary multiplied by the years of services, provided 5 years of qualifying service has been rendered at exit.

(iii) Defined Contribution - Pension

In line with Government regulations, the Company adopted a defined contribution scheme in 2014. This is a pension scheme under which MON pays fixed contributions into a pension fund as an amount or as a percentage of the pay of participants under the scheme.

Participants under the Defined Contribution scheme also enjoy gratuity as described under the Defined benefit scheme on withdrawal or retirement.

(iv) Other benefits

On retirement or withdrawal from the company, an employee is paid Ex-gratia which is calculated as 3 months of annual pensionable salary at exit.

When the employee renders the services, pension costs are recognized as expenses in the Statement of profit or loss.

Accounting Policies

15. Provisions and contingencies

Provisions are recognized as best estimates on statement of financial position date. They are recognised when the company has a legal or constructive obligation as a result of past events and where it is more likely than not that an outflow of resources will be required to settle the obligation. A reliable estimate of the amount to settle the obligation must also be possible before a provision is made. The measurement of provisions takes into consideration the time value of money and risk specific to the obligation. The increase in provision due to the passage of time is recognised as an interest expense.

The carrying amount of provisions are regularly reviewed and adjusted for new facts or changes in law, regulation.

Where the above conditions are not met, a contingent asset/liability is disclosed.

16. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

Revenue from the sale of all petroleum products (Petrol, Aviation fuel, Diesel, Kerosene and Lubricants) is recognised at fair value of consideration received or receivable net of taxes and discounts on sales when the significant risk and rewards of ownership have been transferred and title passed to the customer.

Revenue for the sale of goods is recognized when the following conditions have been met

- The company has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The company does not retain managerial involvement usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to Mobil Oil Nigeria plc.
- The costs incurred in respect of the transaction can be measured reliably.

17. Interest Income

Interest income is recognised in the Company's financial statements using the effective interest rate method

18. Other Income

Other income refers to all other sources of income apart from the sale of petroleum products which the Company receives. It includes amongst others; rental income and back court income.

Rental income refers to rent the Company gets from its investment property and service stations. This income is recognised on a straight line basis over the lease term.

Backcourt income refers to income recognised from the use of the food court on some of the Company's service stations by UAC. It is charged at a percentage of total revenue recognised by UAC at the food courts.

19. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.

Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred. The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted and ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised in an expense in the period they are incurred.

20. Translation of foreign currencies

Transactions in foreign currencies are recorded at the official rates of exchange on the transaction date. At the end of each reporting period, monetary items denominated in foreign currency are retranslated at the official rates prevailing at that day while non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Assets and liabilities denominated in foreign currency are translated at the applicable official rates of exchange on the reporting date. Exchange gains and losses are included in the profit or loss of the period in which they arise.

Exchange differences on monetary items are recognised in profit or loss in the period in which they occur.

21. Segment reporting

The Company has two business segments - Petroleum Products Marketing & Property Business. The Directors have determined operating segments based on the nature of the Company's business and performance reports reported to the Chief Operating Decision Maker (CODM).

These business segments have been grouped in a manner consistent with internal reporting and as provided to the chief operating decision maker (Executive Directors). The Company's activities that are significantly integrated or interdependent are not considered as separate business segments and no operating segments have been aggregated.

The Petroleum Products Marketing segment generates revenue from the sale of white products and company lubricants while the Property business generates income from the rent paid on MON's investment properties leased out solely to a related party.

22. Dividend payable

Proposed dividends for the year are recognised as a liability after the statement of financial position date when declared and approved by shareholders at the Annual General Meeting.

23. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

24. Deferred income

This relates to advance rent received from investment property. The current portion is amortized to income within one year on a straight line basis while the non-current portion is initially carried at initial cost and subsequently at face value.

25. Impairment of non-financial assets

Impairment test is carried out on group of fixed assets only when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

Accounting Policies

The Company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

26. Fair value measurement

The Fair value of MON's employee loans and its investment properties are reported for disclosure in the financial statements. The Directors oversees all policies, procedures, significant valuation techniques and inputs for fair value measurement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

External valuers are involved for valuation of significant assets, such as investment properties and significant liabilities, such as contingent consideration.

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The fair values of MON's investment property and employee loans are categorized as Level 3.

In determining the fair value of the investment properties, the market approach valuation technique was used. There was no change in valuation technique during the year. In estimating the fair value of the investment properties the highest and best use of the properties is their current use.

The Company uses the discounted cash flows approach as the valuation technique for the employee loans.

27. Key accounting estimates

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

Significant Estimates include:

a) Contingent liability

Contingent liabilities made in the financial statements are determined by management using estimates based on the information available. Additional disclosures of contingent liabilities are included in note 19. The contingent liabilities disclosed by management during the year is 100% of the litigation claim filed against the company.

b) Defined benefit pension plans

Defined benefit plan assets and obligations are subject to significant volatility as market values and actuarial assumptions change. The assumptions used in determining the net cost/income for pensions include the discount rate, mortality rates, and expected increase in salaries. Any change in these assumptions will impact the carrying amount of the pension obligation.

The Actuary determines the appropriate discount rate to use at the end of the year based on the interest rates of government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The interest rate is used to determine the present value of estimated future cash outflows to be required to settle the pension obligations.

Due to the complexity of valuation, the underlying assumption and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All the assumptions are reviewed at each reporting date.

Under the accounting policy applied, experienced gains or losses are recognised immediately in the statement of other comprehensive income.

Pension Fund Administrators manage the pension funds in accordance with National Pension Commission (PENCOM) regulations.

c) Valuation of Investment properties

Mobil Oil Nigeria Plc. carries its investment properties at cost however the fair values of the investment properties are also disclosed in the investment property note. The Company engaged 2 independent valuation specialists to assess their fair value as at 31 December 2015.

The investment property assets were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

28. Key accounting Judgements

In the process of applying the Company's accounting policies, the Directors have made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

a) Operating lease commitments – Mobil Oil Nigeria Plc. as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Directors have determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Notes to the Financial Statements

Financial risk management

Financial instruments in the statement of financial position comprise of cash and cash equivalents (Note 13), trade and other receivables (Note 10), trade and other payables (Note 21) and borrowings (Note 16).

The Company's Directors are responsible for reviewing and agreeing policies to manage the risk Mobil Oil Nigeria plc.'s operations are exposed to. The Company's operations are exposed to the following risks:

Capital risk

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, provide returns to shareholders, benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in Notes 16, cash and cash equivalents disclosed in Note 13 and equity as disclosed in the statement of financial position Notes 14 and 15.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or utilise assets to reduce debt.

The Company monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position.

The Company is not exposed to any externally imposed capital requirement.

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

Debt to Equity Ratio	**2015**	**2014**
	(N'000)	**(N'000)**
Total debt (i)	413,371	1,708,955
Cash and bank balances	(3,218,211)	(411,455)
Net debt	(2,804,840)	1,297,500
Total equity (ii)	15,363,401	13,549,450
Net debt/equity	-	0.1

(i) Total debt is defined as current and non-current borrowings as described in note 16
(ii) Total equity includes all capital and reserves of the Company as described in note 14 and 15

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the Company's business activities may not be available. The Company manages liquidity risks by maintaining adequate reserves and prudent working capital management. In addition, the Company has access to sufficient debt funding sources and to committed borrowing facilities to meet current business requirements.

Mobil Oil Nigeria Plc. does not have any risk concentrations as the Company can get extended facility from suitable sources.

Notes to the Financial Statements

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

2015	Less than 3 months (N'000)	Between 3 months and 1 year (N'000)	Greater than 1 year (N'000)
Trade and other payables	9,825,148	-	-
Borrowings	413,371	-	-

2014	Less than 3 months (N'000)	Between 3 months and 1 year (N'000)	Greater than 1 year (N'000)
Trade and other payables	9,882,736	-	-
Borrowings	1,708,955	-	-

Trade and other payables includes interest outstanding on items purchased on lease.

At the end of the year, the Company had the following overdraft facilities:

Bank Name	Facility Type	Facility Amount (N'000)	Used Lines (N'000)	Unused lines (N'000)	Interest Rates (%)
Zenith Bank	Committed	3,000,000	413,371	2,586,629	18.00%
Citi Bank	Uncommitted	2,000,000	-	2,000,000	15.50%
Total		**5,000,000**	**413,371**	**4,586,629**	**16.75%**

The Carrying amount of the used lines of overdraft equals its fair value.

Liquidity risk on cash is limited because the counterparties are banks with good credit-ratings. At the end of the financial year, the Company had the following cash balances:

	2015	2014
RATING	Amount (N'000)	Amount (N'000)
AAA	2,617,806	38,732
AA-	-	339,591
Aa+	87,288	33,121
B+	513,117	-
Total	**3,218,211**	**411,444**

The bank ratings were obtained from Standard & Poor's & Agusto.

Interest risk

The Company is exposed to interest rate risk because it borrows funds at rates subject to movements in the money market. The Company's interest risk arises from overdraft and long term borrowings from banks.

Notes to the Financial Statements

The Company does not manage its exposure to interest rate risk because the maximum exposure envisaged is deemed negligible as illustrated by the interest rate sensitivity below.

The analysis below shows the impact of a ±1% change in the interest rates on the Statement of Profit or Loss as at end of December 2015.

	Interest Expense	Annualized int. As at Dec.2014	Naira (Sensitivity + 1%)	Naira (Sensitivity - 1%)
	(N'000)	%	(N'000)	(N'000)
Net financing	123,080	16.75	7,348	(7,348)

Credit Risk

The Company's credit policy ensures that credit sales are only made to credit worthy customers. These policies include detailed credit assessment of individual customers and regular monitoring of credit balances. Other policies include securing the credits with bank guarantees from company selected 'A' rated banks.

Potential defaults are identified and fully provided for in the Statement of Financial Position. Mitigating measures are defined and implemented for high-risk customers. These include shortened payment terms, vigorous collection efforts and limiting the amount of credit exposure to any individual customer.

There is no material concentration of credit risk geographically or with individual customers and there has been no significant level of counterparty default in recent years.

Age analysis of trade receivables	2015 (N'000)	2014 (N'000)
Current	5,983,720	7,340,857
Overdue 1 - 30 Days	39,008	310
Overdue 31 - 60 days	3,250	1,376
Overdue 61 - 90 days	-	-
Overdue 91 - 180 days	2,527	-
Overdue 181 days	-	-
Total	**6,028,505**	**7,342,543**

The credit quality of trade receivables that are neither past due nor impaired can be assessed using historical information about default rates:

	2015	2014
	(N'000)	(N'000)
a) Customers with no history of default:		
• New customers (less than 6 months)	-	29,818
• Existing customers (more than 6 months)	5,983,720	7,311,039
b) Existing customers with some past defaults which were fully recovered	-	-
Total unimpaired trade receivables	5,983,720	7,340,857

Notes to the Financial Statements

Foreign Exchange Risk

The Company transacts a significant portion of its purchases and some of its sales in foreign currency, and is exposed to foreign exchange risk on these transactions. The Company has no long term assets or liabilities denominated in foreign currency. It offsets its foreign currency assets and liabilities and settles the net exposure at prevailing exchange rates. The Company does not hedge its foreign exchange exposure and instead seeks to recover currency effects through product pricing where appropriate.

The table below shows the before tax impact to Statement of Profit or Loss of a ± 10% movement in the exchange rate

Bank

	Foreign Currency	Exchange Rate	Naira at Dec 2015	Naira* (Sensitivity -10%)	Naira** (Sensitivity +10%)
	(000)		(N'000)	(N'000)	(N'000)
GBP	(166)	292.04	(48,466)	(4,846)	4,486
USD	16,049	197.00	3,161,678	316,169	(316,169)

Trade receivables / payables

	Foreign Currency	Exchange Rate	Naira at Dec 2015	Naira* (Sensitivity -10%)	Naira** (Sensitivity +10%)
	(000)		(N'000)	(N'000)	(N'000)
GBP	1	292.04	350	35	(35)
USD	639	197.00	125,909	12,592	(12,592)

*Naira weakens by 10%

**Naira strengthens by 10%

Price Risk

The Company is primarily exposed to market price risk on its sales of non-regulated fuel products and lubricants. The company manages this exposure by forecasting demands and monitoring events in the global market.

For regulated fuel products, Petrol and Kerosene, the Company's exposure is limited to changes in government policy relating to regulated price.

The Company does not use commodity price swaps, options or futures to hedge against price risk. Changes in market price for non-regulated products are reflected in the Company's product pricing.

Notes to the Financial Statements

1. New Standards and Interpretations

1.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendment to IAS 19: Defined Benefit Plans: Employee Contributions

The amendment relates to contributions received from employees or third parties for defined benefit plans. These contributions could either be discretionary or set out in the formal terms of the plan. If they are discretionary then they reduce the service cost. Those which are set out in the formal terms of the plan are either linked to service or not. When they are not linked to service then the contributions affect the remeasurement. When they are linked to service and to the number of years of service, they reduce the service cost by being attributed to the periods of service. If they are linked to service but not to the number of years' service then they either reduce the service cost by being attributed to the periods of service or they reduce the service cost in the period in which the related service is rendered.

The effective date of the amendment is for years beginning on or after July 01, 2014.

The company has adopted the amendment for the first time in the 2015 financial statements.

The impact of the amendment is not material.

Amendment to IFRS 3: Business Combinations: Annual improvements project

The amendment to the scope exclusions removes reference to the formation of joint ventures. It now excludes from the scope, the formation of a joint arrangement in the financial statements of the joint arrangement itself.

The effective date of the amendment is for years beginning on or after July 01, 2014.

The company has adopted the amendment for the first time in the 2015 financial statements.

The impact of the amendment is not material.

Amendment to IFRS 3: Business Combinations: Annual improvements project

The amendment clarifies that contingent consideration in a business combination which meets the definition of a financial instrument shall be classified as a financial liability or equity. It further stipulates that contingent consideration which is required to be measured at fair value shall be done so by recognising changes in fair value through profit or loss. Reference to measuring contingent consideration to fair value through other comprehensive income has been deleted.

The effective date of the amendment is for years beginning on or after July 01, 2014.

The company has adopted the amendment for the first time in the 2015 financial statements.

The impact of the amendment is not material.

Amendment to IFRS 2: Share-based Payment: Annual improvements project

Amended the definitions of "vesting conditions" and "market conditions" and added definitions for "performance condition" and "service condition."

The effective date of the amendment is for years beginning on or after July 01, 2014.

The company has adopted the amendment for the first time in the 2015 financial statements.

The impact of the amendment is not material.

Amendment to IFRS 13: Fair Value Measurement: Annual improvements project

The amendment clarifies that references to financial assets and financial liabilities in paragraphs 48–51 and 53–56 should be read as applying to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities in IAS 32 Financial Instruments: Presentation.

The effective date of the amendment is for years beginning on or after July 01, 2014.

The company has adopted the amendment for the first time in the 2015 financial statements.

Notes to the Financial Statements

1. New Standards and Interpretations (continued)

The impact of the amendment is not material.

Amendment to IAS 38: Intangible Assets: Annual improvements project

The amendment adjusts the option to proportionately restate accumulated amortisation when an intangible asset is revalued. Instead, the gross carrying amount is to be adjusted in a manner consistent with the revaluation of the carrying amount. The accumulated amortisation is then adjusted as the difference between the gross and net carrying amount.

The effective date of the amendment is for years beginning on or after July 01, 2014.

The company has adopted the amendment for the first time in the 2015 financial statements.

The impact of the amendment is not material.

Amendment to IFRS 8: Operating Segments: Annual improvements project

Management are now required to disclose the judgements made in applying the aggregation criteria. This includes a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The effective date of the amendment is for years beginning on or after July 01, 2014.

The company has adopted the amendment for the first time in the 2015 financial statements.

The impact of the amendment is not material.

Amendment to IAS 24: Related Party Disclosures: Annual improvements project

The definition of a related party has been amended to include an entity, or any member of a group of which it is a part, which provides key management personnel services to the reporting entity or to the parent of the reporting entity ("management entity"). Disclosure is required of payments made to the management entity for these services but not of payments made by the management entity to its directors or employees.

The effective date of the amendment is for years beginning on or after July 01, 2014.

The company has adopted the amendment for the first time in the 2015 financial statements.

The impact of the amendment is not material.

Amendment to IAS 16: Property, Plant and Equipment: Annual improvements project

The amendment adjusts the option to proportionately restate accumulated depreciation when an item of property, plant and equipment is revalued. Instead, the gross carrying amount is to be adjusted in a manner consistent with the revaluation of the carrying amount. The accumulated depreciation is then adjusted as the difference between the gross and net carrying amount.

The effective date of the amendment is for years beginning on or after July 01, 2014.

The company has adopted the amendment for the first time in the 2015 financial statements.

The impact of the amendment is not material.

Amendment to IAS 40: Investment Property: Annual improvements project

The amendment requires an entity to determine whether the acquisition of investment property is the acquisition of an asset or a business combination, in which case the provisions of IFRS 3 Business Combinations applies.

The effective date of the amendment is for years beginning on or after July 01, 2014.

The company has adopted the amendment for the first time in the 2015 financial statements.

The impact of the amendment is not material.

Notes to the Financial Statements

1. New Standards and Interpretations (continued)

1.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after January 01, 2016 or later periods:

Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project

The amendment provides additional guidance regarding transfers with continuing involvement. Specifically, it provides that cash flows excludes cash collected which must be remitted to a transferee. It also provides that when an entity transfers a financial asset but retains the right to service the asset for a fee, that the entity should apply the existing guidance to consider whether it has continuing involvement in the asset.

The effective date of the company is for years beginning on or after January 01, 2016.

The company expects to adopt the amendment for the first time in the 2016 financial statements.

The adoption of this amendment is not expected to impact on the results of the company, but may result in more disclosure than is currently provided in the financial statements.

Amendment to IAS 19: Employee Benefits: Annual Improvements project

The amendment clarifies that when a discount rate is determined for currencies where there is no deep market in high quality corporate bonds, then market yields on government bonds in that currency should be used.

The effective date of the company is for years beginning on or after January 01, 2016.

The company expects to adopt the amendment for the first time in the 2016 financial statements.

It is unlikely that the amendment will have a material impact on the company's financial statements.

Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements

The amendment provides new requirements when an entity presents subtotals in addition to those required by IAS 1 in its financial statements. It also provides amended guidance concerning the order of presentation of the notes in the financial statements, as well as guidance for identifying which accounting policies should be included. It further clarifies that an entity's share of comprehensive income of an associate or joint venture under the equity method shall be presented separately into its share of items that a) will not be reclassified subsequently to profit or loss and b) that will be reclassified subsequently to profit or loss.

The effective date of the company is for years beginning on or after January 01, 2016.

The company expects to adopt the amendment for the first time in the 2016 financial statements.

It is unlikely that the amendment will have a material impact on the company's financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.

Notes to the Financial Statements

1. **New Standards and Interpretations (continued)**
   - With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
   - In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
   - The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

   The effective date of the standard is for years beginning on or after January 01, 2018.

The company expects to adopt the standard for the first time in the 2018 financial statements.

The adoption of this standard is not expected to impact on the results of the company, but may result in more disclosure than is currently provided in the financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programs; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after January 01, 2017.

The company expects to adopt the standard for the first time in the 2017 financial statements.

The impact of this standard is currently being assessed.

Amendment to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations

The amendments apply to the acquisitions of interest in joint operations. When an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3, it shall apply, to the extent of its share, all of the principles on business combinations accounting in IFRS 3, and other IFRSs, that do not conflict with the guidance in this IFRS and disclose the information that is required in those IFRSs in relation to business combinations. This applies to the acquisition of both the initial interest and additional interests in a joint operation in which the activity of the joint operation constitutes a business.

The effective date of the amendments is for years beginning on or after January 01, 2016.

The company expects to adopt the amendments for the first time in the 2016 financial statements.

It is unlikely that the amendments will have a material impact on the company's financial statements.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

Notes to the Financial Statements

1. New Standards and Interpretations (continued)

The amendment clarifies that a depreciation or amortisation method that is based on revenue that is generated by an activity that includes the use of the asset is not an appropriate method. This requirement can be rebutted for intangible assets in very specific circumstances as set out in the amendments to IAS 38.

The effective date of the amendment is for years beginning on or after January 01, 2016.

The company expects to adopt the amendment for the first time in the 2016 financial statements.

It is unlikely that the amendment will have a material impact on the company's financial statements.

IFRS 16 Leases

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

The effective date of the standard is for years beginning on or after January 01, 2019.

The company expects to adopt the standard for the first time in the 2019 financial statements.

The impact of this amendment is currently being assessed.

Ammendments to IAS 12: Accounting for deferred tax assets related to debt instruments measured at fair value.

The amendments, Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12), clarify how to account for deferred tax assets (DTAs) related to debt instruments measured at fair value.

The effective date of the amendment is for years beginning on or after January 01, 2017.

The company expects to adopt the amendment for the first time in the 2017 financial statements.

The impact of this amendment is currently being assessed.

Notes to the Financial Statements

2. Changes in accounting policy

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Treatment of Cash & Cash equivalent

During the year, the company changed its accounting policy with respect to the treatment of funds kept with an intercompany affiliate, ExxonMobil Capital N.V. In order to conform with the benchmark treatment in of IAS 7, the company now treats these funds as Cash and Cash equivalents. In prior years, the funds were disclosed as Due from associated companies in Trade and other receivables. Although ExxonMobil Capital N.V. is an intercompany affiliate, the funds kept with this related party are "Demand deposits' and this satisfies IAS 7's definition of Cash. As a result of this, the Directors believe that reporting this balance as cash shows a truer picture of the transaction.

The change in accounting policy has no material effect on the Statement of Financial Position. However, the aggregate effect of the change in accounting policy on the financial statements for the year ended December 31, 2014 is as follows:

Statement of Financial Position

2014 Statement of Financial Position	Before Restatement (N'000)	Adjustment (N'000)	Restated Amount (N'000)
Cash and bank	372,712	38,732	411,444
Trade and other receivables	7,381,275	(38,732)	7,342,543
	7,753,987	**-**	**7,753,987**

2014 Segmented total assets	Before Restatement (N'000)	Adjustment (N'000)	Restated Amount (N'000)
Segmented total assets	20,281,366	(38,732)	20,242,634
Cash and Cash equivalents	372,712	38,732	411,444
	20,654,078	**-**	**20,654,078**

Earnings per share

As the adjustment is in the Statement of Financial Position, there is no impact on Earnings per share.

3. Property, plant and equipment

	2015			2014		
	Cost (N'000)	Accumulated depreciation (N'000)	Carrying value (N'000)	Cost (N'000)	Accumulated depreciation (N'000)	Carrying value (N'000)
Land	749,269	-	749,269	749,269	-	749,269
Buildings	4,188,434	(1,699,914)	2,488,520	4,093,928	(1,533,541)	2,560,387
Plant and machinery	6,009,914	(3,069,227)	2,940,687	5,801,906	(2,772,606)	3,029,300
Furniture and fixtures	296,496	(195,713)	100,783	282,207	(174,949)	107,258
Motor vehicles	328,443	(226,536)	101,907	288,484	(190,806)	97,678
Asset under construction	1,231,647	-	1,231,647	743,279	-	743,279
Total	**12,804,203**	**(5,191,390)**	**7,612,813**	**11,959,073**	**(4,671,902)**	**7,287,171**

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening Net book value (N'000)	Additions	Disposals	Transfers	Depreciation	Closing Net book value (N'000)
Land	749,269	-	-	-	-	749,269
Buildings	2,560,387	52,008	(5,585)	50,414	(168,704)	2,488,520
Plant and machinery	3,029,300	62,499	(5,657)	179,755	(325,210)	2,940,687
Furniture and fixtures	107,258	14,289	-	-	(20,764)	100,783
Motor vehicles	97,678	29,959	-	10,000	(35,730)	101,907
Asset under construction	743,279	728,537	-	(240,169)	-	1,231,647
	7,287,171	**887,292**	**(11,242)**	**-**	**(550,408)**	**7,612,813**

Assets with a net book value of N11million were scrapped and the resulting loss on disposal was recognised in other expense.

Included as part of Motor vehicles closing net book value is N25million which relates to vehicles purchased through finance lease. (Initial cost: N30million). At the end of the year, the 3 Motor Vehicles under finance lease were pledged as security for liabilities.

There are no contractual committments for the acquisition of Property, Plant & Equipment and no borrowing cots have been capitalised.

Reconciliation of property, plant and equipment - 2014

	Opening Net book value (N'000)	Additions	Disposals	Transfers	Depreciation	Closing Net book value (N'000)
Land	718,268	-	-	31,001	-	749,269
Buildings	2,540,101	170,192	(6,268)	48,410	(192,048)	2,560,387
Plant and machinery	2,945,234	321,893	(79,629)	145,487	(303,685)	3,029,300
Furniture and fixtures	134,531	1,620	(7,647)	4,720	(25,966)	107,258
Motor vehicles	96,356	35,116	(2,139)	-	(31,655)	97,678
Asset under construction	677,157	295,740	-	(229,618)	-	743,279
	7,111,647	**824,561**	**(95,683)**	**-**	**(553,354)**	**7,287,171**

Notes to the Financial Statements

4. Investment property

	2015			2014		
	Cost (N'000)	Accumulated depreciation (N'000)	Carrying value (N'000)	Cost (N'000)	Accumulated depreciation (N'000)	Carrying value (N'000)
Investment property	32,160,638	(2,872,373)	29,288,265	28,451,306	(1,496,508)	26,954,798

Reconciliation of investment property - 2015

	Opening Net book value (N'000)	Additions	Disposals	Depreciation	Closing Net book value (N'000)
Investment property	26,954,798	3,749,645	(12,185)	(1,403,993)	29,288,265

Assets with a net book value of N12million were scrapped and the resulting loss on disposal was recognised in other expense.

Reconciliation of investment property - 2014

	Opening Net book value (N'000)	Additions	Disposals	Depreciation	Closing Net book value (N'000)
Investment property	20,695,199	6,787,104	(74,205)	(453,300)	26,954,798

Borrowing costs capitalised

	2015 N. '000	2014 N. '000
Borrowing costs capitalised to qualifying assets	10,580	597,745

As the term loan borrowed was wholly for the renovation and upgrade of the Mobil Court investment property, the borrowing cost capitalised is the total interest incurred on the loan.

Details of valuation

The company has six investment properties comprising of one office complex, one residential complex and four residential properties.

The extensive renovation of Mobil Court (a 52 unit apartment complex) was completed in 2015. The costs involved in the refurbishment have been capitalised and depreciation has started running on the assets created..

Valuations of the investment properties were performed by 2 independent valuers, Sunbo Onitiri & Co and Ismail and Partners Chartered Surveyors & Real Estate Consultants at year-end 2015. The fair value of MON's Investment properties is N47,600million (2014: N36,092million).

Refer to segmental information in note 37 for more disclosures on investment properties.

Fair value information is disclosed on page 44.

The valuation was based on market value approach.

Amounts recognised in profit and loss for the year before tax

	2015	2014
Rental income from investment property	4,194,467	1,834,843
Direct operating expenses from rent generating property	(1,424,390)	(459,967)
Other operating expense	(12,185)	(74,205)
	2,757,892	**1,300,671**

Notes to the Financial Statements

5. Interest in joint operations

Included in property plant & equipment is N140mllion (Land & Building: N35mllion, Furniture & fixtures: N86million, Plant and machinery: N2million, Vehicles: N17million) which relates to the company's interest in joint operations.

The company recognised total costs of N32million (2014: N35million) in expenses that relate to costs incurred in its joint operations.

The Company has a fifty percent (50%) interest in a joint arrangement with Total Nigeria plc. for storage and handling of jet fuel to aircraft at the Murtala Muhammed airport Domestic Terminal.

In addition, the Company has a twenty percent (20%) interest in the Joint Users Hydrant Installation used to refuel aircraft at Murtala Muhammed Airport international terminal. The Company combines its share of the joint assets, income and expenditure, assets and liabilities and cash flow on a line-by-line basis with similar items in the Company's financial statements. The Company classifies its share of the joint operation's assets, according to the nature of the assets; while operating costs of the joint facility are shared based on throughput.

Mobil Oil Nigeria plc. has no obligation to decommission these assets and has not recognized any decommissioning costs.

6. Intangible assets

	2015			2014		
	Cost (N'000)	Accumulated amortisation (N'000)	Carrying value (N'000)	Cost (N'000)	Accumulated amortisation (N'000)	Carrying value (N'000)
Franchise cost	123,647	(114,893)	8,754	123,647	(108,106)	15,541
Software cost	201,551	(123,172)	78,379	201,551	(109,735)	91,816
Permits	15,045	(1,316)	13,729	15,045	(564)	14,481
Total	**340,243**	**(239,381)**	**100,862**	**340,243**	**(218,405)**	**121,838**

Reconciliation of intangible assets - 2015

	Opening Net book value (N'000)	Amortisation	Closing Net book value (N'000)
Franchise cost	15,541	(6,787)	8,754
Software cost	91,816	(13,437)	78,379
Permits	14,481	(752)	13,729
	121,838	**(20,976)**	**100,862**

Reconciliation of intangible assets - 2014

	Opening Net book value (N'000)	Additions	Disposals	Amortisation	Closing Net book value (N'000)
Franchise cost	29,453	-	(2,947)	(10,965)	15,541
Software cost	105,253	-	-	(13,437)	91,816
Permits	-	15,045	-	(564)	14,481
	134,706	**15,045**	**(2,947)**	**(24,966)**	**121,838**

Notes to the Financial Statements

	2015 N. '000	2014 N. '000

7. Deferred tax

Deferred tax liability

	2015	2014
Total deferred tax	156,455	1,049,185

Deferred tax		
Retirement benefits	1,049,481	593,128
Advance rent	3,354,377	3,019,220
Bad debt, unrealised forex	50,593	30,358
Accelerated depreciation	(4,297,996)	(2,247,795)
Capital gains tax rollover	-	(345,726)
	156,455	**1,049,185**

Deferred tax movement 2015	Opening balance	Charged to profit or loss	Charged to other comprehensive income	Total
Deferred tax asset				
Retirement benefit obligation	593,128	136,801	319,552	1,049,481
Advance rent	3,019,220	335,157	-	3,354,377
Bad debt, unrealised forex	30,358	20,235	-	50,593
Deferred tax liability				
Accelerated capital allowance	(2,247,795)	(2,050,201)	-	(4,297,996)
Capital gains tax rollover	(345,726)	345,726	-	-
	1,049,185	**(1,212,282)**	**319,552**	**156,455**

Deferred tax movement 2014	Opening balance	Charged to profit or loss	Charged to other comprehensive income	Total
Deferred tax asset				
Retirement benefit obligation	400,988	89,835	102,305	593,128
Advance rent	2,231,765	787,455	-	3,019,220
Bad debt, unrealised forex	14,541	15,817	-	30,358
Deferred tax liability				
Accelerated capital allowance	(2,222,079)	(25,716)	-	(2,247,795)
Capital gains tax rollover	(74,251)	(271,475)	-	(345,726)
	350,964	**595,916**	**102,305**	**1,049,185**

Reconciliation of deferred tax asset / (liability)

	2015	2014
At beginning of year	1,049,185	350,964
Originating temporary difference on PPE & Investment property assets	(2,050,201)	(25,716)
Originating temporary difference on retirement benefits	456,353	192,140
Bad debt, gain/(loss) on foreign exchange and Capital gains tax rollover	365,961	(255,658)
Advance rent	335,157	787,455
	156,455	**1,049,185**

Deferred tax assets due within 12 months

	2015	2014
Bad debt, unrealised forex	50,593	30,358

Deferred tax assets due after 12 months

	2015	2014
Retirement benefit obligation	1,049,481	593,128

Notes to the Financial Statements

	2015 N. '000	2014 N. '000
7. Deferred tax (continued)		
Advance rent	3,354,377	3,019,220
	4,403,858	**3,612,348**
Deferred tax liabilities due after 12 months		
Depreciation	(4,297,996)	(2,247,795)
Capital gains tax rollover	-	(345,726)
	(4,297,996)	**(2,593,521)**

8. Prepayments

Prepayments are made up of the following balances:

	2015 N. '000	2014 N. '000
Non-Current portion of prepayments		
Rent on service stations	1,552,986	1,661,186
Employee benefits	35,670	34,165
Marketing assistance	9,722	-
	1,598,378	**1,695,351**
Total prepayments		
Current portion	190,200	142,625
Non-current portion	1,598,378	1,552,726
	1,788,578	**1,695,351**

- Marketing assistance refers to funds given in advance to service station owners for the purchase of pumps and other service station related equipments.
- Prepayments are expensed on a straight line basis.
- Employee loans refers to the prepaid portion of housing and car loans given to employees.

9. Inventories

	2015 N. '000	2014 N. '000
Raw materials	4,382,592	1,624,434
Finished goods	1,495,808	2,739,811
	5,878,400	**4,364,245**

During the year, obsolete inventory worth N17million (2014: N14million) was written off and recognised in cost of goods sold.

No provisions for obsolete stock were made during the year,

Notes to the Financial Statements

	2015 N. '000	2014 N. '000

10. Trade and other receivables

	2015	2014
Trade receivables	2,111,678	2,527,143
Advances and employee receivables	655,733	581,555
Foreign currency deposits	75,559	77,394
Bridging claims	865,643	1,207,092
Due from associated companies	1,084,978	2,041,055
Withholding tax receivable	878,534	648,928
Other receivables	356,380	259,376
	6,028,505	**7,342,543**

The carrying value of trade and other receivables above approximates its fair value. Company debtors do not have credit ratings.

Bridging claims refers to costs involved in transporting regulated petroleum products nationwide. They are recoverable from the government based on a Petroleum Equalization Fund (PEF) scheme established by the government to ensure uniform prices nationwide.

Trade receivables are non-interest bearing and are generally on terms of 30-90 days. Terms and conditions relating to related parties are disclosed in Note 34.

The carrying amount of trade and other receivables are denominated in the following currencies:

	2015	2014
NGN	5,907,252	7,173,842
USD	121,253	168,701
	6,028,505	**7,342,543**

	2015	2014
Neither impaired nor past due	5,983,720	7,340,857
Impaired	-	-
Not impaired and past due in the following periods:		
within 30 days	39,008	310
31 to 60 days	3,250	1,376
91 to 180 days	2,527	-
	6,028,505	**7,342,543**

The aging analysis of bridging claims as at 31 December 2016 is;

Year	2015	2014
2013	-	49,375
2014	95,255	1,157,717
2015	770,388	-
	865,643	**1,207,092**

In line with established practice, the bridging claims receivable is net off against bridging allowances payable to Petroleum Equalization Fund (PEF). The aged bridging claims receivables have been reconciled with PEF and are due for payment in 2016 thus no provision is made.

11. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2015

	Loans and receivables	Total
Trade and other receivables	6,028,505	6,028,505
Cash and bank	3,218,211	3,218,211
	9,246,716	**9,246,716**

Notes to the Financial Statements

	2015 N. '000	2014 N. '000

11. Financial assets by category (continued)

2014

	Loans and receivables	Total
Trade and other receivables	7,342,543	7,342,543
Cash and bank	411,444	411,444
	7,753,987	**7,753,987**

Refer to note 23 for financial liabilities by category.

12. Loans to employees

Carrying value of loans to employees

	2015	2014
At beginning of the year	168,390	220,187
Advances	48,980	19,840
Repayments	(57,051)	(71,637)
	160,319	**168,390**

Included as part of Advances and employees receivables (Trade and other receivables - note 12) are loans to employees. These advances comprises three types of loans made available to employees of the company. They are;

- Compassionate loan
- Car loan
- Home ownership scheme

The Compassionate loan and Home ownership scheme loan were given to employees at 0% interest rate while the Car loan was given to employees at 5% of the prevailing interest rate. In 2015, this equated to 0.78% (5% of 15.5%).

The Company uses the discounted cash flows approach as the valuation technique for the employee loans.

Employees loans at amortized cost

	2015	2014
Loans to employees	135,322	154,347

Fair value information is disclosed on page 44..

13. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of:

	2015	2014
Bank balances	3,218,211	411,444
Bank overdraft	(413,371)	-
	2,804,840	**411,444**

Cash and bank

	2015	2014
Intercompany deposit	2,617,806	38,732
Term deposits	500,000	320,000
Bank account	100,405	52,712
	3,218,211	**411,444**

Notes to the Financial Statements

	2015 N. '000	2014 N. '000

13. Cash and cash equivalents (continued)

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings.

Credit rating	2015	2014
AAA	2,617,806	38,732
AA-	-	339,591
Aa+	87,288	33,121
B+	513,117	-
	3,218,211	**411,444**

14. Share capital

Authorised	2015	2014
400,000,000 Ordinary shares at 50k each	200,000	200,000

Reconciliation of number of shares issued:	2015	2014
Reported as at January 01, 2015	194,678	194,678

Of the total authorised number of share, 360,595,261 ordinary shares of 50k each have been called-up and fully paid.

Issued	2015	2014
360,595,261 Ordinary shares of 50k each	180,298	180,298
Share premium	14,380	14,380
	194,678	**194,678**

15. Retained income and other reserves

Reconciliation of retained income is as follows:

	2015	2014
Balance at beginning of year	13,354,772	9,342,953
Profit for the year	4,872,929	6,392,790
Other comprehensive income for the year	(679,049)	(217,399)
Dividends paid	(2,379,929)	(2,163,572)
	15,168,723	**13,354,772**

2015 reconciliation of retained income and other reserves	Retained Income	Other Reserves	Total
Balance at beginning of year	14,479,173	(1,124,401)	13,354,772
Profit for the year	4,872,929	-	4,872,929
Other comprehensive income for the year	-	(679,049)	(679,049)
Dividends paid	(2,379,929)	-	(2,379,929)
	16,972,173	**(1,803,450)**	**15,168,723**

2014 reconciliation of retained income and other reserves	Retained Income	Other Reserves	Total
Balance at beginning of year	10,249,955	(907,002)	9,342,953
Profit for the year	6,392,790	-	6,392,790
Other comprehensive income for the year	-	(217,399)	(217,399)
Dividends paid	(2,163,572)	-	(2,163,572)
	14,479,173	**(1,124,401)**	**13,354,772**

Notes to the Financial Statements

	2015 N. '000	2014 N. '000

16. Borrowing

	2015 N. '000	2014 N. '000
Held at amortised cost		
Bank loan to finance the renovation and upgrade of Investment property	-	1,708,955
Bank Overdraft	413,371	-
Overdraft balance as at 31 December 2015		
	413,371	**1,708,955**

At the end of the 2015 financial year, the balance on the term loan was zero. The loan was fully liquidated on January 15, 2015 with final repayment value of N1,719million.

The carrying value of the bank overdraft equals its fair value.

	2015 N. '000	2014 N. '000
Current liabilities		
At amortised cost	413,371	1,708,955

The carrying value of the loan equals the fair value.

17. Retirement benefits

Defined benefit plan

The Plan provides for gratuity and pension payments. The benefit structure is described as follows

Eligibility:	All confirmed employees of Mobil Oil Nigeria plc who were hired prior to July 2014.
Mandatory retirement age:	This is 60 for both male and female staff.
Early retirement:	Allowable from age 45 with a minimum of 10 years company service.
Final pensionable salary:	This is the Annual Pensionable Salary (i.e. annual basic salary + annual housing allowance + annual transport allowance + vacation allowance + year end bonus + annual furniture allowance) at date of exit (death, retirement or withdrawal from service).
Years of service:	Accredited service is defined as the length of time, during which an employee worked full-time for the Company prior to retirement or death or withdrawal.
Gratuity benefits:	Gratuity is payable at retirement and is calculated as 8.33% of annual pensionable salary and multiplied by the years of service, provided 5 years of qualifying service has been rendered at exit.
Ex-gratia:	Ex-gratia is calculated as 3 months of annual pensionable salary at exit payable to retiring employees only. The Ex-gratia is not funded by the Company.

A board of trustees was incorporated for the defined benefit plan. The board of trustees has governance responsibilities over the fund. The board appointed Stanbic IBTC Pension Fund Managers to manage the fund.

Carrying value

	2015 N. '000	2014 N. '000
Present value of the defined benefit obligation-partially or wholly funded	(7,097,675)	(5,493,471)
Fair value of plan assets	3,818,046	3,639,946
	(3,279,629)	**(1,853,525)**

Notes to the Financial Statements

	2015 N. '000	2014 N. '000

17. Retirement benefits (continued)

Movements for the year

	2015	2014
Opening balance	1,853,525	1,253,087
Remeasurement loss recognised in other comprehensive income	998,601	319,704
Benefits paid	(95,502)	(149,291)
Net expense recognised in profit or loss	523,005	430,025
	3,279,629	**1,853,525**

Net expense recognised in profit or loss

	2015	2014
Current service cost	249,395	257,632
Interest cost	805,341	732,230
Expected return on plan assets	(531,731)	(559,837)
	523,005	**430,025**

Reconciliation of change in fair value of plan assets

	2015	2014
FV of plan assets @ beginning of the year	3,639,946	4,086,246
Benefit payments from fund	(450,198)	(250,577)
Interest returns on assets	531,731	559,837
Return on plan assets excluding amount included in net interest expense	96,567	(755,560)
	3,818,046	**3,639,946**

Plan Asset Classification Summary

	2015	2014
Quoted equities	1,180,544	1,030,967
Federal Government bonds	2,300,021	2,474,689
State Government bonds	163,580	150,735
Corporate bonds	220,538	173,754
Money on Call	(46,637)	(190,199)
	3,818,046	**3,639,946**

Money on call represents represents unpaid liability to the fund.

The Company's Defined benefit plan funding requirements are determined using PENCOM regulations. The Company's asset liability matching strategy is to fund the plan once the PENCOM valuation shows that the plan is in a deficit. At December 31 2015, the PENCOM valuation showed the need to fund the plan with 432M (2014: Nil). This will be done during the 2016 financial year.

Remeasurement (Gain)/Loss

	2015	2014
Change in financial assumption	1,204,186	(563,732)
Change in demographic assumption	(109,018)	127,876
Assets (Gains)/Losses arising during the year	(96,567)	755,560
	998,601	**319,704**

Reconciliation of change in Defined Benefit Obligation (DBO)

	2015	2014
DBO @ beginning of the year	5,493,471	5,339,333
Current service cost	249,395	257,632
Interest cost	805,341	732,230
Remeasurement gains - experience	(109,018)	127,876
Remeasurement gains - change in assumption	1,204,186	(563,732)
Benefit payments from fund	(450,198)	(250,577)
Ex-gratia payments (not funded)	(95,502)	(149,291)
	7,097,675	**5,493,471**

Notes to the Financial Statements

	2015 N. '000	2014 N. '000

17. Retirement benefits (continued)

Key assumptions used

Pension is calculated by the Actuary as 1.8% of an employee's final Pensionable Salary (FPS) multiplied by the years of service (YOS).

The following assumptions were also used by the Actuary in the calculation of the company's Pension Expense, Plan Asset and Projected Benefit Obligation.

	2015	2014
Discount rates used	12.00 %	15.00 %
Pension increase rate	6.75 %	6.75 %
Average future inflation rate	9.00 %	9.00 %
Expected increase in salaries	10.00 %	12.00 %

In order to measure the liability, the projected benefit is discounted to a net present value as at the current balance sheet date..

IFRS through IAS 19 requires that the discount rate be determined on the company's balance sheet date by reference to market yields on high quality corporate bonds, except where there is no deep market in such bonds, in which case the discount rate should be based on market yields on Government bonds. We are adopting FGN Bonds although State Bonds exist with (broadly) higher yields.

The discount rate should reflect the duration of the liabilities of the benefit program.

The weighted average liability duration for the Plan is 10.74 years. The average weighted duration of the longest Nigerian Government bond as at 31st December, 2015 was 7.29 years with a gross redemption yield of 11.13%. That is, the benefit liability duration is longer than available risk free assets – the longer term introduces uncertainty – which typically will be reflected in higher yield/reward demand by investors.

In view of the above, the actuary adopted 12% p.a as the discount rate for the current valuation.

Demographic Assumptions:

Mortality in Service: The rates of mortality assumed for members in the Plan are the rates in the 67/70 tables published jointly by the Institute and Faculty of Actuaries in the UK, and sample rates are given below.

Age last birthday of lives	Number of expected deaths per 1,000 lives
35	1
40	1
45	3
50	5
55	8

The mortality rates above were consistent for 2014 and 2015

Sensitivity

	2015	2014
Discount rate		
+1% Effect on pension and gratuity benefit expense	6,424	5,010
-1% Effect on pension and gratuity benefit expense	7,896	6,057
Salary Increase		
+1% Effect on pension and gratuity benefit expense	7,483	5,809
-1% Effect on pension and gratuity benefit expense	6,745	5,205
Pension Increase rate		
+1% Effect on pension and gratuity benefit expense	7,546	5,780
-1% Effect on pension and gratuity benefit expense	6,701	5,237

Defined contribution plan

As at December 31 2015, 3 employees were under the defined contribution scheme. The Company's 2015 contribution to the scheme was N2 million.

Notes to the Financial Statements

	2015 N. '000	2014 N. '000

18. Deferred income

Deferred income relates to advance rent on properties mainly leased to a related party.

Analysis of deferred income		
Opening balance	19,883,463	18,996,829
Additions	9,360,742	2,721,477
Amortisation (rental income for the year)	(4,194,467)	(1,834,843)
	25,049,738	**19,883,463**
Non-current	21,148,601	17,481,536
Current	3,901,137	2,401,927
	25,049,738	**19,883,463**

The Company leases its investment properties to a related party under various lease agreements. There were no contingent rents recognised during the period.

19. Contingent Liabilities

At the reporting date, there were several lawsuits with claims amounting to N427million (2014: N300million) against the Company. The directors are of the opinion that the Company will not incur any significant loss with respect to these claims and accordingly, no provisions have been made in the accompanying financial statements.

20. Current tax payable

Balance at beginning of the year	(2,348,901)	(1,940,830)
Current tax for the year	(821,110)	(2,649,263)
Balance at 31 December	141,531	2,348,901
	(3,028,480)	**(2,241,192)**

Movement in current income tax		
Opening balance	2,348,901	1,940,830
Payments	(2,574,668)	(2,079,843)
Provision for the year	821,110	2,649,263
Withholding tax credit utilised	(453,812)	(161,349)
Balance at 31 December	**141,531**	**2,348,901**

21. Trade and other payables

Trade payables	6,559,230	5,078,533
VAT payable	49,742	110,354
Other payables	237,715	241,871
Due to related companies	291,556	1,418,246
Accrued expenses	219,115	219,916
Unclaimed dividend & payments	947,556	600,502
Non-product trade payables	1,509,635	2,207,196
Finance lease obligation	9,870	5,663
	9,824,419	**9,882,281**

Terms and conditions of the above financial liabilities:

- Trade and other payables are non-interest bearing and are settled on average in 34 days
- Other payables are non-interest bearing and are mainly made up of retention on contracts and employee payables .
- Terms and conditions of related parties are disclosed in note 34.

Notes to the Financial Statements

	2015 N. '000	2014 N. '000

22. Finance lease obligation

	2015 N. '000	2014 N. '000
Minimum lease payments due		
- within one year	10,599	6,118
	10,599	6,118
less: future finance charges	(729)	(455)
Present value of minimum lease payments	**9,870**	**5,663**
Present value of minimum lease payments due		
- within one year	9,870	5,663

It is company policy to lease motor vehicles under finance leases.

The company's obligations under finance leases are secured by the lessor's charge over the leased assets.

23. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2015

	Financial liabilities at amortised cost	Total
Trade and other payables (Excl. VAT)	9,774,677	9,774,677
Bank overdraft	413,371	413,371
	10,188,048	**10,188,048**

2014

	Financial liabilities at amortised cost	Total
Trade and other payables (Excl. VAT)	9,771,927	9,771,927
Borrowings	1,708,955	1,708,955
	11,480,882	**11,480,882**

24. Revenue

	2015 N. '000	2014 N. '000
Third party sales	63,255,548	76,916,287
Intercompany sales	965,353	2,667,451
	64,220,901	**79,583,738**

25. Other income

	2015 N. '000	2014 N. '000
Profit and loss on exchange differences	9,858	8,213
Rental income	4,470,091	2,111,866
Loss on foreign exchange transactions	(20,437)	(23,271)
Other operating income	104,379	133,330
Backcourt income	106,391	144,185
	4,670,282	**2,374,323**

Rental income represents rent received from investment properties of N4,194million (2014: N1,834million) and the balance represents rent from service stations.

Other operating income includes; services charges on demurrage, sale of scrap.

Notes to the Financial Statements

	2015 N. '000	2014 N. '000

26. Operating expense

Total expenses

	2015 N. '000	2014 N. '000
Administrative expenses	3,165,076	2,115,561
Selling and distribution expenses	5,517,566	5,226,522
Other expenses	23,427	147,524
	8,706,069	**7,489,607**

The following items are included within operating expenses:

	2015 N. '000	2014 N. '000
Administrative expense (excl. depreciation)	1,669,828	1,570,517
Selling and distribution expenses (excl. depreciation)	5,101,914	4,801,046
Depreciation and amortisation	1,910,900	970,520
Other expense	23,427	147,524
	8,706,069	**7,489,607**

Included in operating expenses are the following expenses by nature

Expenses by nature

	2015 N. '000	2014 N. '000
Employee related expenses	2,597,898	2,379,460
Volume related expense	2,572,477	2,457,176
Depreciation and amortisation	1,910,900	970,520
Maintenance & repairs	428,933	503,479
Auditors remuneration	32,023	26,517
Loss on asset disposals	23,427	147,524
Service station rent amortisation	237,112	158,663
Others	903,299	846,268
	8,706,069	**7,489,607**

27. Finance costs

	2015 N. '000	2014 N. '000
Interest expense	140,930	303,170
Capitalised	(17,850)	(198,213)
Net transaction costs & loss on remeasurement of loan	-	81,142
	123,080	**186,099**

Finance costs were incurred on overdraft facility obtained for working capital requirements.

Reconciliation of borrowing costs

	2015 N. '000	2014 N. '000
Total borrowing costs	133,660	284,628
Less: Capitalised to qualifying assets	(10,580)	(179,671)
(Gain)/loss on remeasurement of loan	-	(56,971)
Add: Prepaid transaction costs expensed	-	138,113
	123,080	**186,099**

Capitalisation rates used during the period were 100% on specific borrowings for capital projects.

Notes to the Financial Statements

	2015 N. '000	2014 N. '000

28. Taxation

Major components of the tax expense

	2015 N. '000	2014 N. '000
Current		
Company income tax	592,974	2,545,989
Prior year overprovision	-	(86,938)
Education tax	228,136	190,212
	821,110	**2,649,263**
Deferred		
Origination and reversal of temporary differences	1,212,283	(595,916)
	2,033,393	**2,053,347**

Reconciliation of tax expense using accounting profit

	2015 N. '000	2014 N. '000
PBT at statutory rate 32%	2,210,023	2,702,764
Capital Gains earnings Taxable at 10%	-	(628,599)
Non deductible expenses	-	(18,231)
Investment allowance on property, plant and equipment	(215,718)	(12,300)
Education Tax	39,088	9,713
	2,033,393	**2,053,347**

29. Other comprehensive income

Components of other comprehensive income - 2015

	Gross (N'000)	Tax (N'000)	Net (N'000)
Items that will not be reclassified to profit or loss			
Remeasurements on net defined benefit liability/asset	(998,601)	319,552	(679,049)

Components of other comprehensive income - 2014

	Gross (N'000)	Tax (N'000)	Net (N'000)
Items that will not be reclassified to profit or loss			
Remeasurements on net defined benefit liability/asset	(319,704)	102,305	(217,399)

30. Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of shares used in the Earnings per share calculation is 360,595,261 (2014: 360,595,261).

	2015 N. '000	2014 N. '000
Basic earnings per share		
From continuing operations (kobo per share)	1,351	1,773

The computation of basic earnings per share was based on earnings and a weighted average number of ordinary shares in issue.

Notes to the Financial Statements

	2015 N. '000	2014 N. '000

30. Earnings per share (continued)

Reconciliation of profit or loss for the year to basic earnings

Profit or loss for the year attributable to equity holders of the parent	4,872,929	6,392,790

Dividends per share

Final (kobo)	-	660

The final dividend was declared and authorised after the end of the reporting period. The dividend has therefore not been recognised as a liability in the reporting period. It has been disclosed for information purposes only.

31. Cash generated from operations

Profit before taxation	6,906,322	8,446,137
Adjustments for:		
Depreciation and amortisation (Notes 3,5,6)	1,975,376	1,031,619
Loss on asset disposal (Note 26)	23,427	147,524
Profit on sale of non-current assets and disposal groups	-	(2,851,585)
Net foreign exchange difference	(9,858)	(8,213)
Finance income	(74,135)	(158,633)
Finance costs	123,080	186,099
Movements in prepayments (Note 8)	(45,652)	(27,636)
Movements in retirement benefit assets and liabilities (Note 17)	427,503	280,734
Changes in working capital:		
Inventories	(1,514,155)	145,679
Trade and other receivables	1,314,038	(2,190,704)
Prepayments	(47,575)	16,747
Trade and other payables	(57,862)	1,968,395
Deferred income	5,166,275	886,634
	14,186,784	**7,872,797**

32. Dividends paid

Dividends	(2,379,929)	(2,163,572)

33. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Investment property	750,703	1,450,546

The committed expenditure relates to contracts for the renovation of an investment property (Mobil House).

Notes to the Financial Statements

	2015 N. '000	2014 N. '000

34. Related parties

Relationships

ExxonMobil Oil Corporation	Parent Company
Mobil Producing Nigeria Unlimited	Fellow Subsidiary
ExxonMobil Aviation Inc.	Fellow Subsidiary
ExxonMobil Capital N.V.	Fellow Subsidiary
ExxonMobil Marine Limited	Fellow Subsidiary
ExxonMobil Petroleum and Chemical BVBA	Fellow Subsidiary
ExxonMobil Corporation	Fellow Subsidiary
Esso Exploration & Production Nigeria Limited	Fellow Subsidiary
Mobil Oil Nigeria plc. Pension Fund	Post employment benefit plan for employees

Related party balances

	2015 N. '000	2014 N. '000
Amounts included in Trade and other receivables regarding related parties		
Mobil Producing Nigeria Unlimited	1,045,016	2,019,570
ExxonMobil Marine Limited	433	1,225
Esso Exploration & Production Nigeria Limited	39,529	20,259
Amounts included in Trade and other payables regarding related parties		
Mobil Producing Nigeria Unlimited	203,987	266,852
ExxonMobil Petroleum and Chemical BVBA	670	906,873
ExxonMobil Corporation	80,524	241,644
ExxonMobil Aviation Inc.	6,375	2,878
Dividend		
ExxonMobil Oil Corporation	1,427,957	1,298,143
Deferred Income		
Mobil Producing Nigeria Unlimited	25,049,738	19,883,463
Amounts included in Cash and bank regarding related parties		
ExxonMobil Capital N.V.	2,617,806	38,733

Related party transactions

	2015 N. '000	2014 N. '000
Income from related parties		
Mobil Producing Nigeria Unlimited	5,041,241	4,351,859
ExxonMobil Aviation Inc.	175,138	2,052,819
ExxonMobil Marine Limited	36,408	72,057
Esso Exploration & Production Nigeria Limited	81,834	72,467
Rent earned from related parties		
Mobil Producing Nigeria Unlimited	4,194,467	1,834,843
Technical Service Agreement		
ExxonMobil Petroleum and Chemical BVBA	789,130	658,217

The Company has a technical service agreement with ExxonMobil Petroleum and Chemical Co. bvba. The terms of this agreement include the provision of expert assistance in technical, marketing and research.

	2015 N. '000	2014 N. '000
Purchases from related parties		
ExxonMobil Petroleum and Chemical BVBA	67,952	2,540,357

In addition, MON has made some purchases from ExxonMobil Petroleum and Chemical BVBA through a third party company .

Notes to the Financial Statements

34. Related parties (continued)

Other related party disclosures

The sales to and purchases from related parties were made on terms equivalent to those that would prevail in an arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. No guarantees were provided or received for any related party receivables or payables. For the year ended 31 December 2015, MON has not recorded any impairment of receivables relating to amounts owed by related parties (2014: Nil). This assessment is taken each financial year by examining the financial position of the related party and the market in which the related party operate.

35. Fair value measurement

MON considers the fair value of its financial assets and liabilities not significantly different from the carrying values disclosed in the statement of financial position.

Notes to the Financial Statements

<u>Fair Value Disclosures</u>

a) **Investment Properties**

Location of Investment properties	Valuation technique	Significant unobservable inputs
1, Lekki Epe Express Way, Victoria Island, Lagos	The market approach was used in arriving at the fair value of the property using evidences of similar and comparable properties of recent sales transaction in the property market.	- Area of about 9,736 square meters - Rate of development in the area - the neighborhood is high density and it consists of properties predominantly used for businesses and as offices. - Quality of the building - the property is in a fair state of repair. No noticeable crack was observed in the building structure.
1, Ligali Ayorinde Street, Victoria Island, Lagos	The market approach was used in arriving at the fair value of the property using evidences of similar and comparable properties of recent sales transaction in the property market.	- Area of about 15,878 square meters - Rate of development in the area - the neighborhood is high density and it consists of properties predominantly used for businesses and as offices in Lagos metropolis - Quality – It is a state of the art building with extensive renovation work on the building concluded in 2015.
1 & 3 Bayo Kuku Road, Ikoyi, Lagos	The market approach was used in arriving at the fair value of the property using evidences of similar and comparable properties of recent sales transaction in the property market.	- Area of about 2,347.50 square meters and 2800.66 Square meters respectively. - Rate of development in the area – the properties are in one of the most sought after districts in Lagos. - Quality - the property is in good structural condition.
10A & B Temple Road, Ikoyi, Lagos	The market approach was used in arriving at the fair value of the property using evidences of similar and comparable properties of recent sales transaction in the property market.	- Area of about 1,431.29 square meters and 1,465.58 square meters respectively - Rate of development in the area - Rate of development in the area – the properties are in one of the most sought after districts in Lagos. - Quality - the property is not in good structural condition.
10 Temple Road, Ikoyi, Lagos	The market approach was used in arriving at the fair value of the property using evidences of similar and comparable properties of recent sales transaction in the property market.	- Area of about 4,698.26 square meters - Rate of development in the area - Rate of development in the area – the properties are in one of the most sought after districts in Lagos. - Quality - the property is in good structural condition.

Notes to the Financial Statements

b) Employee loans

Location of Investment properties	Valuation technique	Significant unobservable inputs
Loans to Employees	The discounted cash flow method was used in arriving at the fair value of the loans the Company provides to employees	Constant prepayment rate

Notes to the Financial Statements

	2015 N. '000	2014 N. '000

36. Directors & Key management personnel emoluments

Emoluments of directors

	2015	2014
Fees paid to Non-Executive Directors	1,000	630
Remuneration paid to Executive Directors	264,123	210,277
Other emoluments (Short term benefits)	6,886	7,845
Total	272,009	218,752

The Executive Directors' remuneration shown above (excluding pensions and pension contributions) include:

	2015	2014
Chairman	73,442	56,028
Highest paid Director	137,358	113,671

Directors received emoluments in the following ranges :

	Number	Number
N251,001 - N1,000,000	2	2
Above N1,000,000	3	3

One director was not paid any emoluments in 2015.

Emoluments of key management personnel

	2015	2014
Short term benefits (Salaries wages & other benefits)	453,705	400,913
Post employment benefits	92,221	81,833
Total	545,926	482,746

Staff numbers

(a) The average monthly number of full time persons employed by the Company during the year (excluding the 3 executive directors) was as follows :

	Number	Number
Management staff	26	29
Senior staff	68	69
Total	94	98

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

	2015	2014
N2,000,001 - N 6,000,000	6	3
N6,000,001 - N 8,000,000	5	24
N8,000,001 - N 10,000,000	18	18
N10,000,001 - N 20,000,000	40	40
N20,000,001 & above	25	13
Total	94	98

37 Segmental Information

As at 31 December 2015, the Company had two reportable business segments.
(i) Petroleum Products Marketing (ii) Property Business

All MON's assets are located within Nigeria and there were no export sales made in 2015. (2014: Nil)
Segment revenue reported below represents revenue generated from external customers. There were also no intersegment sales in 2015. (2014: nil).
The accounting policy of the reportable segments below are the same as MON's accounting policies disclosed in the financial statements.

	Petroleum Products Marketing	Property Business (N'000)	Total (N'000)
A The segment results for the period ended 31 December 2015 are as follows:			
Revenue	64,220,901	-	64,220,901
Cost of sales	(53,229,847)	-	(53,229,847)
Operating expense	(7,258,252)	(1,424,390)	(8,682,642)
Other income	475,815	4,194,467	4,670,282
Other non-operating expense	(11,242)	(12,185)	(23,427)
Finance income	74,135	-	74,135
Gain on non-current asset held for sale	-	-	-
Finance costs	(123,080)	-	(123,080)
Profit before taxation	4,148,430	2,757,892	6,906,322
Taxation	(1,338,950)	(694,443)	(2,033,393)
Profit for the period	2,809,480	2,063,449	4,872,929

Other segment items included in the profit and loss account are as follows:
The segment results for the period ended 31 December 2014 are as follows:

	Petroleum Products Marketing	Property Business (N'000)	Total (N'000)
Revenue	79,583,738	-	79,583,738
Cost of sales	(68,846,436)	-	(68,846,436)
Operating expense	(6,882,116)	(459,967)	(7,342,083)
Other income	539,480	1,834,843	2,374,323
Other non-operating expense	(73,319)	(74,205)	(147,524)
Finance income	158,633	-	158,633
Gain on non-current asset held for sale	-	2,851,585	2,851,585
Finance costs	(104,957)	(81,142)	(186,099)
Profit before taxation	4,375,023	4,071,114	8,446,137
Taxation	(1,384,376)	(668,971)	(2,053,347)
Profit for the period	2,990,647	3,402,143	6,392,790

Other segment items included in the profit and loss account are as follows:

B Reconciliation of segment assets and liabilities to total assets and liabilities as at 31 December 2015

	Petroleum Products Marketing	Property Business (N'000)	Total (N'000)
Intangible assets	100,862	-	100,862
Segmented total liabilities	(12,964,507)	(25,744,181)	(38,708,688)
Deferred tax	156,455	-	156,455
Cash and cash equivalents	3,218,211	-	3,218,211
Segmented net assets	11,665,597	3,697,804	15,363,401
Capital expenditure	887,292	3,749,645	4,636,937
Depreciation charge for the year	(550,408)	(1,403,993)	(1,954,401)

Reconciliation of segment assets and liabilities to total assets and liabilities as at 31 December 2014:

	Petroleum Products Marketing	Property Business (N'000)	Total (N'000)
Intangible assets	121,838	-	121,838
Segmented total liabilities	(15,124,691)	(20,552,434)	(35,677,125)
Deferred tax	1,049,185	-	1,049,185
Cash and cash equivalents	411,444	-	411,444
Segmented net assets	6,578,572	6,970,878	13,549,450
Capital expenditure	839,606	6,787,104	7,626,710
Depreciation charge for the year	(553,354)	(453,300)	(1,006,654)

Segment assets consist primarily of investment properties, property, plant and equipment, intangible assets, inventory, long term receivables, debtors and other receivables. Deferred taxation and cash and short term deposits are not allocated to segments as they are managed on a total company basis.

Segment liabilities comprise current taxation, unamortized rental income, payables and other liabilities and provision for liabilities & charges. Unallocated liability is deferred taxation.

Capital expenditure comprises additions to property, plant and equipment, investment property and intangible assets.

Notes to the Financial Statements

Property plant and equipment movement analysis (Note 3)

December 2015	**Land**	**Buildings**	**Plant and Equipment**	**Fixtures and Fittings**	**Motor Vehicles**	**Asset under Construction**	**Total**
		N'000	N'000	N'000	N'000	N'000	N'000
Cost							
At beginning of the year	749,269	4,093,928	5,801,906	282,207	288,484	743,279	11,959,073
Additions	-	52,008	62,499	14,289	29,959	728,537	887,292
Transfers from lease	-	-	-	-	-	-	-
Transfers from asset under Construction	-	50,414	179,755	-	10,000	(240,169)	-
Disposals	-	(7,916)	(34,246)	-	-	-	(42,162)
At end of the year	**749,269**	**4,188,434**	**6,009,914**	**296,496**	**328,443**	**1,231,647**	**12,804,203**
Depreciation							
At beginning of the year	-	(1,533,541)	(2,772,606)	(174,949)	(190,806)	-	(4,671,902)
Charge for period	-	(168,704)	(325,210)	(20,764)	(35,730)	-	(550,408)
Transfers from lease	-	-	-	-	-	-	-
Disposals	-	2,331	28,589	-	-	-	30,920
At end of the year	-	**(1,699,914)**	**(3,069,227)**	**(195,713)**	**(226,536)**	-	**(5,191,390)**
Net book value							
31 December 2015	**749,269**	**2,488,520**	**2,940,687**	**100,783**	**101,907**	**1,231,647**	**7,612,813**

December 2014	**Land**	**Buildings**	**Plant and Equipment**	**Fixtures and Fittings**	**Motor Vehicles**	**Asset under Construction**	**Total**
		N'000	N'000	N'000	N'000	N'000	N'000
Cost							
At beginning of the year	718,268	3,894,963	5,707,713	300,379	284,954	677,157	11,583,434
Additions	-	170,192	321,893	1,620	35,116	295,740	824,561
Transfers from lease	-	-	-	-	-	-	0
Transfers from asset under Construction	31,001	48,410	145,487	4,720	-	(229,618)	-
Disposals	-	(19,637)	(373,187)	(24,512)	(31,586)	-	(448,922)
At end of the year	**749,269**	**4,093,928**	**5,801,906**	**282,207**	**288,484**	**743,279**	**11,959,073**
Depreciation							
At beginning of the year	-	(1,354,862)	(2,762,479)	(165,848)	(188,598)	-	(4,471,787)
Charge for period	-	(192,048)	(303,685)	(25,966)	(31,655)	-	(553,354)
Transfers from lease	-	-	-	-	-	-	-
Disposals	-	13,369	293,558	16,865	29,447	-	353,239
At end of the year	-	**(1,533,541)**	**(2,772,606)**	**(174,949)**	**(190,806)**	-	**(4,671,902)**
Net book value							
31 December 2014	**749,269**	**2,560,387**	**3,029,300**	**107,258**	**97,678**	**743,279**	**7,287,171**

Investment property movement analysis (Note 4)

December 2015	Land and Buildings	Plant and Equipment	Fixtures and Fittings	Asset under Construction	Total
	N'000	N'000	N'000	N'000	N'000
Cost					
At beginning of the year	983,651	4,501,204	25,032	22,941,419	28,451,306
Additions	-	1,836,168	293,984	1,619,493	3,749,645
Transfers	11,521,620	6,101,406	241,253	(17,864,279)	-
Disposals	(25,412)	(12,255)	(2,646)	-	(40,313)
At end of the year	**12,479,859**	**12,426,523**	**557,623**	**6,696,633**	**32,160,638**
Depreciation					
At beginning of the year	(447,194)	(1,028,002)	(21,312)	-	(1,496,508)
Charge for period	(379,849)	(979,839)	(44,305)	-	(1,403,993)
Disposals	14,477	11,005	2,646	-	28,128
At end of the year	**(812,566)**	**(1,996,836)**	**(62,971)**	**-**	**(2,872,373)**
Net book value					
31 December 2015	**11,667,293**	**10,429,687**	**494,652**	**6,696,633**	**29,288,265**

December 2014	Land and Buildings	Plant and Equipment	Fixtures and Fittings	Asset under Construction	Total
	N'000	N'000	N'000	N'000	N'000
Cost					
At beginning of the year	1,044,743	4,631,100	31,526	16,157,331	21,864,700
Additions	-	3,016	-	6,784,088	6,787,104
Disposals	(61,092)	(132,912)	(6,494)	-	(200,498)
At end of the year	**983,651**	**4,501,204**	**25,032**	**22,941,419**	**28,451,306**
Depreciation					
At beginning of the year	(451,593)	(694,334)	(23,574)	-	(1,169,501)
Charge for period	(25,553)	(424,717)	(3,030)	-	(453,300)
Disposals	29,952	91,049	5,292	-	126,293
At end of the year	**(447,194)**	**(1,028,002)**	**(21,312)**	**-**	**(1,496,508)**
Net book value					
31 December 2014	**536,457**	**3,473,202**	**3,720**	**22,941,419**	**26,954,798**

Mobil Oil Nigeria plc.

(Registration number RC 914)
Financial statement for the year ended December 31, 2015

Other Financial Information - Value Added Statement

	2015 N. '000	%	2014 N. '000	%
- Inland sales	64,220,901		79,583,738	
- Export sales	-		-	
Sales to outsiders	64,220,901		79,583,738	
- Local purchases	57,167,348		67,079,339	
- Purchases from imports	67,952		2,540,357	
Purchases of goods and other services	57,235,300		69,619,696	
Value added by trading operations	6,985,601	60	9,964,042	83
Other income	4,646,854	40	2,226,798	18
	11,632,455		12,190,840	
Other expense	(23,427)	(0)	(147,524)	(1)
	11,609,028	100	12,043,316	100

	2015 N. '000	%	2014 N. '000	%
Applied as follows :				
To pay staff and labour related expenses	2,597,898	22	2,379,460	20
To pay dividends to shareholders	2,379,929	21	2,163,572	18
To pay interests and similar charges	123,080	1	186,099	2
To pay Government taxes and licences	2,033,393	18	2,053,347	16
To provide for maintenance of assets	1,981,728	17	1,031,620	9
Profit after tax transferred to reserve (net of dividend)	2,493,000	21	4,229,219	35
	11,609,028	100	12,043,316	100

Mobil Oil Nigeria plc.

(Registration number RC 914)
Financial statement for the year ended December 31, 2015

Other Financial Information - Five-Year Financial Summary

	2015	2014	2013	2012	2011
Equity					
Share capital	180,298	180,298	180,298	180,298	150,249
Share premium	14,380	14,380	14,380	14,380	14,380
Reserves	15,168,723	13,354,772	9,342,953	6,395,290	4,332,959
	15,363,401	13,549,450	9,537,631	6,589,968	4,497,588
Assets and liabilities :					
Property, plant & equipment	7,612,813	7,287,171	7,111,647	6,924,494	7,051,774
Investment property	29,288,265	26,954,798	20,695,199	13,164,228	8,653,138
Intangible assets	100,862	121,838	134,706	164,163	194,589
Deferred tax assets	156,455	1,049,185	350,964	283,963	352,369
Prepayments	1,598,378	1,552,726	1,525,090	1,340,774	788,427
Working capital	1,034,858	(4,081,207)	(3,469,960)	(646,391)	1,708,350
	39,791,631	32,884,511	26,347,646	21,231,231	18,748,647
Net deferred credits	(24,428,230)	(19,335,061)	(16,810,015)	(14,641,263)	(14,251,059)
Net tangible assets	15,363,401	13,549,450	9,537,631	6,589,968	4,497,588
Turnover	64,220,901	79,583,738	78,744,100	80,801,947	62,099,515
Profit before taxation	6,906,322	8,446,137	5,123,002	4,076,549	5,999,414
Taxation	(2,033,393)	(2,053,347)	(1,642,217)	(1,198,250)	(1,917,354)
Profit after taxation	4,872,929	6,392,790	3,480,785	2,878,299	4,082,060
Actuarial gains/(losses)	(679,049)	(217,399)	1,269,854	716,560	(596,944.80)
Reserves beginning of the year	13,354,772	9,342,953	6,395,290	4,332,959	3,732,607
Bonus issue	-	-	-	(30,049)	-
Dividends	(2,379,929)	(2,163,572)	(1,802,976)	(1,502,480)	(2,884,762)
Adoption of IFRS adjustments	-	-	-	-	-
Reserves end of year	15,168,723	13,354,772	9,342,953	6,395,290	4,332,959
Earnings per 50k share	1351K	1773K	965K	856K	1214K
Dividends per 50k share		660K	600K	500K	500K
Return on equity	32%	47%	36%	44%	91%

Note:

1) Earnings and dividend per share are calculated on the basis of the fully paid ordinary shares of 300,496,051 for financial year 2011, 336,226,266 for financial year 2012 and 360,595,261 for financial year.
2013 - 2015 Return on Equity(ROE) represents profit after taxation divided by the total shareholders' equity).

2) All fgures disclosed are based on IFRS.