MOBIL OIL NIGERIA plc

2016 Audited Annual Report & Accounts

Mobil Oil Nigeria plc
Financial Highlights

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	2016	2015	Change %
Turnover	94,107,683	64,220,901	47
Profit before taxation	12,019,892	6,906,322	74
Taxation	(3,865,599)	(2,033,393)	90
Profit for the year	8,154,293	4,872,929	67
Other Comprehensive Income	536,088	(679,049)	(179)
Total Comprehensive Income	8,690,380	4,193,880	107
Earnings per 50k share (kobo)	2,261	1,351	67
Proposed dividend per 50k share (kobo)	800	720	11
Total assets	61,701,329	54,072,089	14
Capital expenditure	3,031,662	4,636,937	(35)
Authorised share capital	200,000	200,000	-
Number of 50k shares issued and fully paid up (absolute figures)	360,595,261	360,595,261	-

A final dividend of 800k per 50k share held has been proposed. This is subject to shareholders' ratification.

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Building a better working world

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Independent auditor's report to the members of Mobil Oil Nigeria plc
for the year ended 31 December 2016

Opinion

We have audited the financial statements of Mobil Oil Nigeria plc ("the Company) which comprise the statement of financial position as at 31 December 2016, and 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Mobil Oil Nigeria plc at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act, No.6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Mobil Oil Nigeria plc. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.
We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
Retirement benefit obligations The valuation of retirement benefit obligations requires significant levels of judgement and technical expertise, including the use of management actuarial experts in selecting appropriate assumptions. Small changes in a number of the key assumptions used to value the Company's retirement benefit obligation, (including salary increases, inflation, discount rates and mortality) could have a material impact on the calculation of the liability.	We evaluated the assumptions made in relation to the valuation of the liabilities. In particular we: • ascertained reasonableness of the discount and inflation rates used by comparing with externally derived data and comparable organisations; • assessed the assumption for salary increases against the company's historical trend and expected future outlook; • compared assumed mortality rates to national and industry averages; • performed procedures to assess the competence and objectivity of the experts involved in the estimation process; and • reviewed disclosures in the Annual Report to ensure consistency with the actuarial valuation report that we have reviewed.

Other information

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

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

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

Responsibilities of the directors for the financial statements

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

Independent auditor's report to the members of Mobil Oil Nigeria plc
for the year ended 31 December 2016 - continued

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Building a better working world

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

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

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

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 appears from our examination of those books;

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

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
0124756

24 March 2017

Report of The Audit Committee
To the Members of Mobil Oil Nigeria plc.

In compliance with Section 359 sub-section 6 of the Companies and Allied Matters Act, 2004, we the members of the Audit Committee, state as follows:

1. that the Accounting and Reporting policies of Mobil Oil Nigeria plc as contained in the Company's Audited Financial Statements for the Year Ended December 31, 2016 are in accordance with legal requirements and agreed ethical practices;
2. that the scope and planning of the Company's audit requirements are adequate; and
3. having reviewed the External Auditors' findings and recommendations, we are satisfied with management responses thereon.

Dated this 21st day of March, 2017

Members of Audit Committee:

Mr. Ebenezer O. Oladokun
Engr. (Mrs.) Mayen M. Adetiba
Mr. Alastair J. MacNaughton
Mr. Lazarus N. Onwuka
Alhaji Ayo Shonubi

FRC/2013/ICAN/00000001532

Statement of Directors responsibilities

The Companies and Allied Matters Act requires the directors to prepare the financial statements for each financial year that give a true and fair value of the state of financial affairs of the company at the end of the year and of its profit or loss. This responsibility includes:

a) Ensuring that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act [CAP.c20, L.F.N. 2004.]
b) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
c) Preparing the company's financial statement using the suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and with the requirements of the Companies and Allied Matters Act [CAP. c20, L.F.N.2004]

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the presentation of financial statements as well as adequate systems of internal financial control.

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

Adetunji A. Oyebanji
Director
Dated this 22nd day of March, 2016
(FRC/2014/IODN/00000007151)

Alastair J. Macnaughton
Director
Dated this 22nd day of March, 2016
(FRC/2013/IODN/00000003867)

Mobil Oil Nigeria plc.

(Registration number RC 914)
Financial statements for the year ended December 31, 2016

Statement of Financial Position as at December 31, 2016

	Notes	2016 N. '000	2015 N. '000
Assets			
Non-current assets			
Property plant and equipment	2	7,936,980	7,612,813
Investment property	3	29,374,398	29,288,265
Intangible assets	5	82,683	100,862
Prepayments	7	1,978,780	1,598,378
Deferred tax assets	6	-	156,455
		39,372,841	38,756,773
Current assets			
Inventories	8	5,071,338	5,878,400
Trade and other receivables	9	8,629,379	6,028,505
Prepayments	7	186,064	190,200
Cash and cash equivalents	12	8,441,707	3,218,211
		22,328,488	15,315,316
Total assets		61,701,329	54,072,089
Equity and Liabilities			
Equity			
Share capital	13	180,298	180,298
Share premium	13	14,380	14,380
Retained earnings	14	22,530,180	16,972,173
Other reserves		(1,267,362)	(1,803,450)
Total equity		21,457,496	15,363,401
Non current liabilities			
Retirement benefit obligation	16	2,293,775	3,279,629
Deferred income	17	18,506,428	21,148,601
Deferred tax liability	6	622,074	-
Total non-current liabilities		21,422,277	24,428,230
Current liabilities			
Trade and other payables	20	9,836,831	9,824,419
Borrowings	15	-	413,371
Deferred income	17	6,254,120	3,901,137
Current tax payable	19	2,730,605	141,531
Total current liabilities		18,821,556	14,280,458
Total Liabilities		40,243,833	38,708,688
Total Equity and Liabilities		61,701,329	54,072,089

The financial statements, accounting policies and the notes were approved by the board of directors on March 22, 2017 and were signed on its behalf by:

A. A. OYEBANJI
(FRC/2014/IODN/00000007151)
CHAIRMAN/MANAGING DIRECTOR

A. J. MACNAUGHTON
(FRC/2013/IODN/00000003867)
EXECUTIVE DIRECTOR

O. A. AJADI
(FRC/2017/ICAN/00000016297)
ACCOUNTING MANAGER

Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2016

	Notes	2016 N. '000	2015 N. '000
Revenue	23	94,107,683	64,220,901
Cost of sales		(78,403,388)	(53,229,847)
Gross profit		**15,704,295**	**10,991,054**
Other operating income	24	6,347,038	4,670,282
Selling & distribution expenses	25	(6,586,717)	(5,517,566)
Administrative expenses	25	(3,688,590)	(3,165,076)
Other operating expenses	25	(16,569)	(23,427)
Operating profit		**11,759,457**	**6,955,267**
Finance income		260,727	74,135
Finance costs	26	(292)	(123,080)
Profit before taxation		**12,019,892**	**6,906,322**
Income tax expense	27	(3,865,599)	(2,033,393)
Profit for the year		**8,154,293**	**4,872,929**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements gains/(loss) on net defined benefit liability		788,365	(998,601)
Income tax effect on remeasurements (loss)/gains		(252,277)	319,552
Total items net of tax that will not be reclassified to profit or loss		**536,088**	**(679,049)**
Total items that may be reclassified to profit or loss		-	-
Other comprehensive income for the year net of taxation	28	**536,088**	**(679,049)**
Total comprehensive income for the year net of taxation		**8,690,381**	**4,193,880**
Earnings per share			
Per share information			
Basic earnings per share (kobo)	29	2,261	1,351

Mobil Oil Nigeria plc.

(Registration number RC 914)
Financial statements for the year ended December 31, 2016

Statement of Changes in Equity for the year ended December 31, 2016

	Share capital N '000	Share premium N '000	Other reserves N '000	Retained earnings N '000	Total equity N '000
For the year ended 31 December 2015					
Balance as at 1 January 2015	180,298	de	(1,124,401)	14,479,173	13,535,070
Profit for the year	-	-	-	4,872,929	4,872,929
Other comprehensive loss for the year	-	-	(679,049)	-	(679,048)
	180,298	-	(1,803,450)	19,352,102	17,728,951
Dividends	-	-	-	(2,379,929)	(2,379,929)
Balance as at 31 December, 2015	180,298	-	(1,803,450)	16,972,173	15,349,021
For the year ended 31 December 2016					
Balance as at 1 January 2016	180,298	-	(1,803,450)	16,972,173	15,349,021
Profit for the period	-	-	-	8,154,293	8,154,293
Other comprehensive income for the period	-	-	536,088	-	536,088
	180,298	-	(1,267,362)	25,126,466	24,039,402
Dividends	-	-	-	(2,596,286)	(2,596,286)
Balance as at 31 December 2016	180,298	-	(1,267,362)	22,530,180	21,443,116

Mobil Oil Nigeria plc.

(Registration number RC 914)
Financial statements for the year ended December 31, 2016

Statement of Cash Flows for the year ended December 31, 2016

	Notes	2016 N. '000	2015 N. '000
OPERATING ACTIVITIES			
Profit before taxaton		12,019,892	6,906,322
Adjustment for non cash items			
Net finance (cost)/income		(260,435)	48,945
Depreciation of PPE and investment property		2,604,543	1,954,401
Pension and Gratuity expense	16	664,919	523,005
Amortization of intangible assets		18,179	20,976
Gain / Loss on disposal of fixed assets		16,569	23,427
Amortisation of deferred rental income		(5,974,384)	(4,194,467)
Exchange gains/loss		31,946	(9,858)
Total non cash items		(2,898,662)	(1,633,571)
Changes in current assets and liabilities			
Decrease/(increase) in inventories	8	807,062	(1,514,155)
Decrease/(increase) in due from related companies	9	(390,490)	956,077
(increase)/Decrease in foreign currency deposit for imports	9	(39,737)	1,835
Decrease/(increase) in trade receivables and bridging claims		(1,959,878)	303,102
Decrease/(increase) in other debtors and prepayments		(644,781)	(494,014)
Increase/(Decrease) in due to related companies	20	(247,482)	(1,126,690)
Increase/(Decrease) in trade creditors	20	(603,303)	1,480,697
Increase/(Decrease) in other creditors and accruals		846,134	(416,079)
Increase in lease obligations	21	17,063	4,207
Net changes in current assets and liabilities		(2,215,412)	(805,020)
Income taxes paid	19	(692,527)	(2,574,668)
Rental income received	17	5,685,194	9,360,742
Retirement benefits paid	16	(426,542)	(95,501)
Pension asset funding	16	(435,866)	-
Net cash generated from operating activities		11,036,077	11,158,304.45
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(953,641)	(887,292)
Purchase of investment property assets	3	(2,078,021)	(3,749,645)
Proceeds from sale of property, plant and equipment	2	251	-
Interest received		260,726	74,135
Net cash used in investing activities		(2,770,685)	(4,562,802)
FINANCING ACTIVITIES			
Proceeds from borrowing	15	-	413,371
Repayment of borrowing		(413,371)	(1,708,955)
Dividend paid	30	(2,596,286)	(2,379,929)
Interest Paid	26	(292)	(123,080)
Net cash used in financing activities		(3,009,949)	(3,798,593)
Net Increase in cash and cash equivalents		5,255,442	2,796,909
Cash and cash equivalents at beginning of the period		3,218,211	411,444
Effect of exchange rate movement on cash balances		(31,946)	9,858
Cash and cash equivalents at end of the period	12	8,441,707	3,218,211

Accounting Policies

The Company

Mobil Oil Nigeria plc. (MON) 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%.

Mobil Oil Nigeria plc has been informed by its majority shareholder, ExxonMobil Oil Corporation that the shareholder has agreed, subject to regulatory approvals, to sell its shares representing 60 percent of Mobil Oil Nigeria's shares to Nipco Investment Limited, a wholly-owned subsidiary of Nipco Plc (both of which are Nigerian Companies).

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 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 for office and residential purposes at market rate.

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. The financial statement has been prepared in thousands of naira except where

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.

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement has the following characteristics:

- the parties are bound by a contractual arrangement, and
- the contractual arrangement gives two or more of those parties joint control of the arrangement.

A joint arrangement is either a joint operation or a joint venture.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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.

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 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

Transfers to, or from, investment property is made only when there is a change in use.

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.

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 depreciation 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 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	4

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. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

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.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there are no objective evidence of impairment for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

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 arise from deductible temporary difference, unused tax losses and unutilised tax credit. 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.

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 as disclosed in Retirement benefits Notes 16. The Company's contribution to the scheme in 2016 was N2.6million. Employers contribution is 15% and employees contribution is 3%.

Participants under the Defined Contribution scheme also enjoy gratuity as described under the Defined benefit scheme on retirement. Defined Contribution Payment are funded from the operating expense on a monthly basis and there is no outstanding obligation after the funding.

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

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.

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 oversee 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 assumptions

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 Assumptions include:

a) 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 comprehensive income.

Pension Fund Administrators manage the pension funds in accordance with National Pension Commission (PENCOM) regulations and Pension Reform Act 2014.

b) 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.

There is no significant risk or uncertainty as at 31 December 2016, that will lead to material adjustment of the carrying amounts of assets and liabilities within the next financial year.

28. Key accounting Judgments

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:

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 12), trade and other receivables (Note 9), trade and other payables (Note 20) and borrowings (Note 15).

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 15, cash and cash equivalents disclosed in Note 12 and equity as disclosed in the statement of financial position Notes 13 and 14.

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	**2016**	**2015**
	(N'000)	**(N'000)**
Total debt (i)	-	413,371
Cash and bank balances	(8,441,707)	(3,218,211)
Net debt	(8,441,707)	(2,804,840)
Total equity (ii)	21,262,727	15,363,401
Net debt/equity	-	-

(i) Total debt is defined as current and non-current borrowings as described in note 15
(ii) Total equity includes all capital and reserves of the Company as described in note 13 and 14

Liquidity risk

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.

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.

Notes to the Financial Statements

2016	Less than 3 months (N'000)	Between 3 months and 1 year (N'000)	Greater than 1 year (N'000)
Trade and other payables	8,632,841	-	-
Borrowings	-	-	-

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	8,8278,850	-	-
Borrowings	413,371	-	-

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	-	3,000,000	18%
Citi Bank	Uncommitted	2,000,000	-	2,000,000	17%
Total		5,000,000		5,000,000	17.5%

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:

	2016	2015
RATING	Amount (N'000)	Amount (N'000)
AA	70,693	2,617,806
Aa-	3,168,226	87,288
B+	3,000,000	-
B	2,202,788	513,117
Total	8,441,707	3,218,211

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.

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

2016	Interest Expense	Annualized int. As at Dec 2016.	Naira (Sensitivity + 1%)	Naira (Sensitivity - 1%)
	(N'000)	%	(N'000)	(N'000)
Net financing	292	17	17	(17)

The company had no borrowings in 2016. Interest expense in 2016 relates to a one day expense on overdraft.

2015	Interest Expense	Annualized int. As at Dec 2016.	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 receivables	2016 (N'000)	2015 (N'000)
Current	6,838,074	5,105,187
Overdue 31 - 60 days	344,374	42,258
Overdue 61 - 90 days	195,391	2,527
Overdue 91 - 180 days	85,355	-
Overdue 181 days	4,444	-
Total	**7,467,638**	**5,149,972**

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

		2016	2015
		(N'000)	(N'000)
a)	Customers with no history of default:		
•	New customers (less than 6 months)		-
•	Existing customers (more than 6 months)	6,838,074	5,105,187
b)	Existing customers with some past defaults which were fully recovered		-
Total unimpaired trade receivables		6,838,074	5,105,187

The maximum exposure envisaged is deemed negligible as illustrated by the interest rate sensitivity below.

Bank Balance

Counterparties are banks with good credit-ratings. The maximum exposure to credit risks is MON's bank balance as at the end of 2016 financial year is limited to N 8.4B.

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 liabilities are payments due to foreign suppliers and assets are intercompany receivables. 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 and Open Items

2016	Foreign Currency	Exchange Rate	Naira at Dec 2016	Naira* (Sensitivity -10%)	Naira** (Sensitivity +10%)
	(N'000)		(N'000)	(N'000)	(N'000)
GBP	7	375.51	2,541	(254)	254
EURO	16	321.50	4,965	(497)	497
USD	2,775	305.00	846,394	(84,639)	84,639

Notes to the Financial Statements

2015	Foreign Currency	Exchange Rate	Naira at Dec 2015	Naira* (Sensitivity -10%)	Naira** (Sensitivity +10%)
	(N'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

2016	Foreign Currency	Exchange Rate	Naira at Dec 2016	Naira* (Sensitivity -10%)	Naira** (Sensitivity +10%)
	(N'000)		(N'000)	(N'000)	(N'000)
GBP	1	375.51	526	(53)	53
EURO	(15)	321.50	(4,806)	481	(481)
USD	1,570	305.00	478,858	(47,886)	47,886

2015	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

Standard issued and effective in the current year are:
1. IFRS 14: Regulatory deferral accounts
2. Amendments to IFRS 11 Joint Arrangements: Accounting for acquisition of interests in Joint Operations
3. Amendments to IAS 16 and 38: Clarification of acceptable methods of depreciation and amortisation
4. Amendments to IAS 16 and 41 Agriculture: Bearer plants
5. Amendment to IAS 27: Equity method in seperate financial statements
6. Annual improvements 2012 - 2014 Cycle

(a) IFRS 7 Financial Instruments: Disclosures - Servicing contracts
(b) IFRS 7 Fianancial Instruments: Disclosures - Applicability of the amendments to IFRS 7 to condensed interim financial statements
(c) IFRS 5 Non - current assets held for sale and discontinued operations
(d) IAS 19 Employee Benefits
(e) IAS 34 Interim Financial Reporting

7. Amendment to IAS 1 Disclosures Initiatives
8. Amendment to IFRS 10, IFRS 12, and IAS 28 Investment Entities: Applying Consolidation Exception

The Company has provided explanations to the following standards and interpretations that are relevant at the end of the reporting period:

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 impact of the amendment is not material. Cash collected for remittance relates to bridging allowance which in line with established practice is net off against briding claim receivable. The Company was in a net receivable position for the period ended 31st Decemeber, 2016.

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 Company has always used the market yields on government bonds.

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 impact of the amendment is not material. All subtotals have corresponding notes in the financial statements.

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

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 has adopted the amendment for the first time in the 2016 financial statements.

The impact of the amendment is not material.

Notes to the Financial Statements

1. New Standards and Interpretations (continued)

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 impact of the amendments is not material.

1.2 Standards and interpretations not yet effective

The standards issued but not yet effective are as follows:
1. IFRS 9 Financial Instruments
2. IFRS 15 Revenue from Contracts with Customers
3. Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an investor and its associates or joint venture
4. IAS 7 Disclosure Initiative - Amendments to IAS 7
5. IAS 12 Recognition of deferred tax assets for unrealised losses - Amendments to IAS 12
6. IFRS 2 Classifiaction and measurements of share based payments - Amendments to IFRS 2
7. IFRS 16 - Leases
8. Amendments to IAS 40 - Transfers of investment property
9. IFRIC Interpreatation 22 Foreign Currency transactions and advance consideration
10. Annual improvement 2014 - 2016 Cycle
(a) First-time adoption of IFRS - Deletion of short - term exemptions for first time disclosures
(b) IAS 28 Investments in associates and joint ventures - Clarification that measuring investees at fair valie through profit or loss is an investment-by-investment choice
(c) IFRS 12 Disclosures of interests in other entities - Clarification of the scope of the disclosures requirements in IFRS 12
11. Aplying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4

However the company has provided the following explanations to the standards issued but not yet effective that are relevant at the end of the reporting period.

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the Company are as follows:

Company as lessee:
- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.

Notes to the Financial Statements

1. New Standards and Interpretations (continued)

- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

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

The impact of this standard is currently being assessed.

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.
- 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.

Notes to the Financial Statements

1. **New Standards and Interpretations (continued)**
   - 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 effective date of the standard is for years beginning on or after January 01, 2018.

The Company expects some impact on its equity due to the unsecured nature of some of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward looking elements to determine the extent of the impact.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; 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 amendment provides clarification and further guidance regarding certain issues in IFRS 15. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The standard requires enitities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each steps of the model to contracts with their customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the cst directly relating to fufilling a contract. Application guidelines is provided in IFRS 15 to assist entites in applying its requirements to certain common arrangements, including licences of inellectual property, warranties, right of return, principal-versus-agent considerations, options for additional goods or services and breakage.

Sale of goods
Contracts with customers in which a sale of goods is generally expected to be the only performance obligation are not expected to have any impact on the Company's profit or loss. The Company expectes the revenue recognition to occur at a point in time when control of assets is transferred to the customers generall on delivery of goods.

The standard can be applied either in full retrospective approach with some limited relief or modified retrospective approach.

The effective date of the amendment 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 the standard will result in additional disclosures provided in the financial statements.

Amendments to IAS 7: Disclosure Initiative

The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. Specifically, entities are now required to provide disclosure of the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchanges;
- changes in fair values; and
- other changes.

Notes to the Financial Statements

1. New Standards and Interpretations (continued)

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

The Company expects to adopt the amendment for the first time in the 2018 financial statements.

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

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

In terms of IAS 12 Income Taxes, deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The following amendments have been made, which may have an impact on the Company:

If tax law restricts the utilisation of losses to deductions against income of a specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type.

Additional guidelines were prescribed for evaluating whether the Company will have sufficient taxable profit in future periods. The Company is required to compare the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences. This comparison shows the extent to which the future taxable profit is sufficient for the entity to deduct the amounts resulting from the reversal of those deductible temporary differences.

The amendment also provides that the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

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

The adoption of this amendment is not expected to impact on the results of the Company. The Company does not currently have an unutilised loss relief to be claimed from Government.

2. Property, plant and equipment

	2016			2015		
	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	5,043,566	(1,898,219)	3,145,347	4,188,434	(1,699,914)	2,488,520
Plant and machinery	6,452,245	(3,377,421)	3,074,824	6,009,914	(3,069,227)	2,940,687
Furniture and fixtures	322,908	(220,183)	102,725	296,496	(195,713)	100,783
Motor vehicles	360,140	(255,930)	104,210	328,443	(226,536)	101,907
Asset under construction	760,605	-	760,605	1,231,647	-	1,231,647
Total	**13,688,733**	**(5,751,753)**	**7,936,980**	**12,804,203**	**(5,191,390)**	**7,612,813**

Reconciliation of property, plant and equipment - 2016

	Opening Net book value (N'000)	Additions	Disposals	Transfers	Depreciation	Closing Net book value (N'000)
Land	749,269	-	-	-	-	749,269
Buildings	2,488,520	83,544	(4,139)	788,179	(210,757)	3,145,347
Plant and machinery	2,940,687	69,377	(12,398)	418,306	(341,148)	3,074,824
Furniture and fixtures	100,783	8,573	-	18,799	(25,430)	102,725
Motor vehicles	101,907	37,905	(283)	-	(35,319)	104,210
Asset under construction	1,231,647	754,242	-	(1,225,284)	-	760,605
	7,612,813	**953,641**	**(16,820)**	**-**	**(612,654)**	**7,936,980**

Assets with a net book value of N17million were disposed and the resulting loss on disposal was recognised in other expense.

Included as part of Motor vehicles closing net book value is N35million which relates to vehicles purchased through finance lease. (Initial cost: N38million). At the end of the year, 2 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 costs have been capitalised.

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**

Notes to the Financial Statements

3. Investment property

	2016			2015		
	Cost (N'000)	Accumulated depreciation (N'000)	Carrying value (N'000)	Cost (N'000)	Accumulated depreciation (N'000)	Carrying value (N'000)
Investment property	34,238,659	(4,864,261)	29,374,398	32,160,638	(2,872,373)	29,288,265

Reconciliation of investment property 2016

	Opening balance (N'000)	Additions (N'000)	Depreciation (N'000)	Total (N'000)
Investment property	29,288,265	2,078,021	(1,991,888)	29,374,398

Reconciliation of investment property - 2015

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

Borrowing costs capitalised

	2016 N. '000	2015 N. '000
Borrowing costs capitalised to qualifying assets	-	17,850

There was no borrowing cost capitalised in 2016, amount capitalised in 2015 is the portion of total interest incurred on the loan for the refurbishment of Mobil Court investment property.

Details of valuation

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

The extensive refurbishment of Mobil house was completed in 2016. The costs involved in the refurbishment have been capitalised and depreciation has started running on the assets created.

The estimated fair value of the properties in 2016 is not materially different from the valuation done in 2015. The estimated fair value of the properties in 2016 is N47.6 billion.

There are more disclosures on investment properties in page 54 and 56.

Fair value information is disclosed on note 34.

There are no restrictions on the realisabilty of investment properties or remittance of income and proceeds of disposal. The Company has a contractual obligation for maintainance and repairs on a reimbursable basis for its investment properties.

Amounts recognised in profit and loss for the year before tax

	2016	2015
Rental income relating to investment property	5,974,384	4,194,467
Direct operating expenses relating to rental generating property	(2,021,391)	(1,424,390)
Direct operating expenses relating to disposals of investment property	-	(12,185)
	3,952,993	**2,757,892**

Notes to the Financial Statements

4. Interest in joint operations

Included in property plant & equipment is N125mllion (2015: N140million) (Land & Building: N32mllion (2015: N35million), Furniture & fixtures: N76million (2015: 86million), Plant and machinery: N3million (2015: N2million), Vehicles: N14million (2015: 17million) which relates to the company's interest in joint operations.

The company recognised total costs of N0.9million (2015: N32million) 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 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.

5. Intangible assets

	2016			2015		
	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	(118,883)	4,764	123,647	(114,893)	8,754
Software cost	201,551	(136,609)	64,942	201,551	(123,172)	78,379
Permits	15,045	(2,068)	12,977	15,045	(1,316)	13,729
Total	**340,243**	**(257,560)**	**82,683**	**340,243**	**(239,381)**	**100,862**

Reconciliation of intangible assets - 2016

	Opening Net book value (N'000)	Amortisation (N'000)	Closing Net book value (N'000)
Franchise cost	8,754	(3,990)	4,764
Software cost	78,379	(13,437)	64,942
Permits	13,729	(752)	12,977
	100,862	**(18,179)**	**82,683**

Reconciliation of intangible assets - 2015

	Opening Net book value (N'000)	Amortisation (N'000)	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**

Notes to the Financial Statements

	2016 N. '000	2015 N. '000

6. Deferred tax

Deferred tax asset / (liability)

	2016 N. '000	2015 N. '000
Net deferred tax	(622,074)	156,455
Deferred tax		
Retirement benefits	734,008	1,049,481
Advance rent	4,236,127	3,669,430
Bad debt	(16,022)	42,830
Unrealised forex	(1,451)	13,001
Accelerated depreciation	(5,234,926)	(4,267,323)
Capital gains tax rollover	(345,726)	(345,726)
Notional interest, Others	5,916	(5,238)
	(622,074)	**156,455**

Deferred tax movement 2016	Opening balance	Charged to profit or loss	Charged to other comprehensive income	Total
Deferred tax asset				
Retirement benefit obligation	1,049,481	(63,196)	(252,277)	734,008
Advance rent	3,669,430	566,697	-	4,236,127
Deferred tax liability				
Accelerated capital allowance	(4,267,323)	(967,603)	-	(5,234,926)
Capital gains tax rollover	(345,726)	-	-	(345,726)
Bad debt	42,830	(26,808)	-	16,022
Unrealised forex	13,001	(36,033)	-	(23,032)
Notional interest,Others	(5,238)	691	-	(4,547)
	156,455	**(526,252)**	**(252,277)**	**(622,074)**

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	650,210	-	3,669,430
Bad debt, unrealised forex	30,358	20,235	-	50,593
Deferred tax liability				
Accelerated capital allowance	(2,247,795)	(2,019,528)	-	(4,267,323)
Capital gains tax rollover	(345,726)	-	-	(345,726)
	1,049,185	**(1,212,282)**	**319,552**	**156,455**

Reconciliation of deferred tax asset / (liability)

	2016 N. '000	2015 N. '000
At beginning of year	156,455	1,049,185
Originating temporary difference on PPE & Investmeny property assets	(967,603)	(2,019,528)
Originating temporary difference on retirement benefits	(315,473)	456,353
Bad debt, gain/(loss) on foreign exchange and Capital gains tax rollover	(62,150)	20,235
Advance Rent	566,697	650,210
	(622,074)	**156,455**

Deferred tax assets due within 12 months

	2016 N. '000	2015 N. '000
Bad debt,	-	42,830
Unrealised forex	-	13,001
Notional interest, Others	-	(5,238)
	-	**50,593**

Notes to the Financial Statements

	2016 N. '000	2015 N. '000
6. Deferred tax (continued)		
Deferred tax assets due after 12 months		
Retirement benefit obligation	734,008	1,049,481
Advance rent	4,236,127	3,669,430
	4,970,135	**4,718,911**
Deferred tax liabilities due within 12 months		
Bad debt,	(16,022)	-
Unrealised forex	(1,451)	-
Notional interest, Others	5,916	-
	(11,557)	**-**
Deferred tax liabilities due after 12 months		
Depreciation	(5,234,926)	(4,267,323)
Capital gains tax rollover	(345,726)	(345,726)
	(5,580,652)	**(4,613,049)**

7. Prepayments

Prepayments are made up of the following balances:

	2016 N. '000	2015 N. '000
Rent on service stations	2,082,228	1,743,186
Employee benefits	82,616	35,670
Marketing assistance	-	9,722
	2,164,844	**1,788,578**
Total prepayments		
Current portion	186,064	190,200
Non-current portion	1,978,780	1,598,378
	2,164,844	**1,788,578**

- 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.

8. Inventories

	2016 N. '000	2015 N. '000
Raw materials	3,539,252	4,382,592
Finished goods	1,532,086	1,495,808
	5,071,338	**5,878,400**

During the year, obsolete inventory worth N43million (2015: N17million) 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

	2016 N. '000	2015 N. '000

9. Trade and other receivables

	2016 N. '000	2015 N. '000
Trade receivables	3,530,811	2,111,678
Advances and employee receivables (notes 11)	994,335	850,632
Foreign currency deposits	112,301	72,564
Bridging claims	1,348,642	865,643
Due from related companies	1,475,468	1,084,978
Withholding tax receivable	1,161,741	878,534
Other receivables	6,081	164,477
	8,629,379	**6,028,506**

The carrying value of trade and other receivables above approximates its fair value. MON does not maintain a record of its debtors credit ratings.

Included as part of Advances and employees receivables are loans to employees.

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.

Foriegn currency deposit is made to suppliers for import of products.

Other receivables mainly consists of VAT receivables .

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

	2016 N. '000	2015 N. '000
NGN	8,341,837	5,907,252
USD	287,541	121,253
	8,629,378	**6,028,505**

	2016 N. '000	2015 N. '000
Neither impaired nor past due	5,489,432	5,105,186
Impaired	-	-
Not impaired and past due in the following periods:		
31 to 60 days	344,374	42,258
61 to 90 days	195,391	2,527
91 to 180days	85,355	-
above 181	4,444	-
	6,118,996	**5,149,971**

The age analysis of trade and other receivables above excludes WHT and bridging claims

Bridging Claims

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

Year	
Current	77,045
31 - 90 days	210,283
91 - 180 days	349,475
181 - 360 days	711,839
	1,348,642

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 thus no provision is made.

Notes to the Financial Statements

	2016 N. '000	2015 N. '000

10. Financial assets by category

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

Financial Assets - 2016

	Loans and receivables	Total
Trade and other receivables	7,467,638	7,467,638
Cash and cash equivalents	8,441,707	8,441,707
	15,909,345	**15,909,345**

Financial Assets - 2015

	Loans and receivables	
Trade and other receivables	5,149,972	5,149,972
Cash and cash equivalents	3,218,211	3,218,211
	8,368,183	**8,368,183**

Refer to note 22 for financial liabilities by category.

11. Loans to employees

Carrying value of loans to employees

At beginning of the year	160,319	168,390
Advances	134,103	48,980
Repayments	(56,916)	(57,051)
	237,506	**160,319**

Included as part of Advances and employees receivables (Trade and other receivables - note 9) are loans to employees (note 11). These advances comprises three types of loans made available to employees of the company. They are;

- Compassionate loan
- Car loan
- Home ownership scheme

Loans granted to employees at below market rate are fair valued at market rate at the date of giving the loans. The market rate is used as the effective interest rate for the pupose of calculating interest income

Employees loans at amortized cost

Loans to employees	158,300	135,322

Fair value information is disclosed on notes 34.

12. Cash and cash equivalents

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

Total balance	8,441,707	3,218,211

Bank

Intercompany deposit	75,963	2,617,806
Term deposits	6,000,000	500,000
Bank account	2,365,744	100,405
	8,441,707	**3,218,211**

Notes to the Financial Statements

	2016 N. '000	2015 N. '000

12. Cash and cash equivalents (continued)

Bank		
Intercompany deposit	75,963	2,617,806
Term deposits	6,000,000	500,000
Bank account	2,365,744	100,405
	8,441,707	**3,218,211**

The bank balances are all interest bearing.

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		
AA	70,694	2,617,806
Aa-	3,168,225	87,288
B+	3,000,000	-
B	2,202,788	513,117
	8,441,707	**3,218,211**

13. Share capital

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

Reconciliation of number of shares issued:		
Reported as at January 01, 2016	194,678	194,678

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

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

14. Retained earnings and other reserves

Reconciliation of retained earnings is as follows:

Balance at beginning of year	15,168,723	13,354,772
Profit for the year	8,154,293	4,872,929
Other comprehensive income for the year	536,088	(679,049)
Dividends paid	(2,596,286)	(2,379,929)
	21,262,818	**15,168,723**

2016 reconciliation of retained earnings and other reserves	**Retained Earnings**	**Other Reserves**	**Total**
Balance at beginning of year	16,972,173	(1,803,450)	15,168,723
Profit for the year	8,154,293	-	8,154,293
Other comprehensive income for the year	-	536,088	536,088
Dividends paid	(2,596,286)	-	(2,596,286)
	22,530,180	**(1,267,362)**	**21,262,818**

Notes to the Financial Statements

	2016 N. '000	2015 N. '000

14. Retained earnings and other reserves (continued)

2015 reconciliation of retained earnings and other reserves	Retained Earnings	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**

15. Borrowing

	2016 N. '000	2015 N. '000
Held at amortised cost		
Bank Overdraft	-	413,371
Current liabilities		
At amortised cost	-	413,371

The carrying value of the loan equals the fair value.

16. 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.
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.

Pension is calculated by the Actaury as 1.8% of an employees's Final Pensionable Salary (FPS) multiplied by the years of service (YOS).

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.

Notes to the Financial Statements

	2016 N. '000	2015 N. '000

16. Retirement benefits (continued)

Movements for the year

Carrying value (A+B)	**2016**	**2015**
Present value of Gratuity plan	1,295,635	1,638,251
Net present value of pension plan	998,140	1,641,378
	2,293,775	**3,279,629**

Present value of pension plan (A)	**2016**	**2015**
Present value of pension plan obligation	4,158,417	5,459,424
Fair value of pension plan assets	(3,160,277)	(3,818,046)
Net present value of pension plan	**998,140**	**1,641,378**

Opening balance	3,279,629	1,853,525
Remeasurement (gain)/loss recognised in other comprehensive income	(788,365)	998,601
Benefits paid	(426,542)	(95,502)
Pension Asset Funding	(435,866)	-
Net expense recognised in profit or loss	664,919	523,005
	2,293,775	**3,279,629**

Present value of Gratuity plan (B)		
Present value of gratuity plan as at January 01	1,638,252	1,450,531
Remeasurement (gain)/loss - Financial Assumptions	(128,712)	76,943
Remeasurement (gain)/loss - Experience Adjustment	(79,213)	(104,166)
Benefits paid	(426,542)	(95,502)
Service cost	101,614	97,285
Interest cost	190,236	213,160
Present value of Gratuity plan as at December 31	**1,295,635**	**1,638,251**

Reconciliation of present value of pension plan obligation	**2016**	**2015**
Present value of pension liability as at January 1	5,459,424	4,042,941
Current service cost	201,567	152,110
Interest cost	642,861	592,180
Benefit paid	(1,001,617)	(450,198)
Remeasurement (gain)/loss due to change in Financial Assumptions	(702,579)	1,127,243
Remeasurement (gain)/loss due to Experience Adjustment	(441,239)	(4,852)
Present value of pension liability as at December 31	**4,158,417**	**5,459,424**

Defined benefit plan expense 2016	**Pension**	**Gratuity**	**Total**
Current service cost	201,567	101,614	303,181
Interest costs	642,861	190,237	833,098
Expected return on plan assets	(471,360)	-	(471,360)
	373,068	**291,851**	**664,919**

Defined benefit plan expense 2015	**Pension**	**Gratuity**	**Total**
Current service cost	152,110	97,285	249,395
Interest costs	592,180	213,161	805,341
Expected return on plan assets	(531,731)	-	(531,731)
	212,559	**310,446**	**523,005**

Reameasurement gain/loss in other comprehensive income 2016	**Pension**	**Gratuity**	**Total**
Acturial gains/loss due to experience adjustment	(441,239)	(79,213)	(520,452)

Notes to the Financial Statements

	2016 N. '000	2015 N. '000

16. Retirement benefits (continued)

Acturial (gains)/loss due to financial adjustment	(702,579)	(128,712)	(831,291)
Return on plan assets excluding amount included in net interest expense	563,377	-	563,377
	(580,441)	**(207,925)**	**(788,366)**

Reameasurement gain/loss in other comprehensive income 2015	Pension	Gratuity	Total
Acturial gains/loss due to experience adjustment	(4,852)	(104,166)	(109,018)
Acturial (gains)/loss due to financial adjustment	1,127,243	76,943	1,204,186
Return on plan assets excluding amount included in net interest expense	(96,568)	-	(96,568)
	1,025,823	**(27,223)**	**998,600**

Net expense recognised in profit or loss

	2016 N. '000	2015 N. '000
Current service cost	303,181	249,395
Interest cost	833,098	805,341
Expected return on plan assets	(471,360)	(531,731)
	664,919	**523,005**

Reconciliation of change in fair value of pension plan assets

	2016 N. '000	2015 N. '000
Fair value of plan assets @ beginning of the year	3,818,046	3,639,946
Employers contribution	435,866	-
Benefit payments from fund	(1,001,617)	(450,198)
Interest returns on assets	471,360	531,731
Return on plan assets excluding amount included in net interest expense	(563,377)	96,567
	3,160,278	**3,818,046**

Plan Asset Classification Summary

	2016 N. '000	2015 N. '000
Quoted equities	1,163,006	1,180,544
Fixed deposit	381,101	-
Federal Government bonds	1,653,927	2,300,021
State Government bonds	416,410	163,580
Corporate bonds	236,702	220,538
Net liability outstanding	(690,869)	(46,637)
	3,160,277	**3,818,046**

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. The plan was funded in 2016 with 436M (2015:Nil). The plan was fully funded following PENCOM's approval in January 2017 to convert to a Defined Contribution scheme

Notes to the Financial Statements

	2016 N. '000	2015 N. '000

16. Retirement benefits (continued)

Key assumptions used

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

Discount rates used	15.80 %	12.00 %
Pension increase rate	9.00 %	6.75 %
Average future inflation rate	12.00 %	9.00 %
Expected increase in salaries	12.00 %	10.00 %

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

IFRS through IAS 19 requires that the discount rate be determined on the company's reporting 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 12.15 years. The average weighted duration of the longest Nigerian Government bond as at 30th of December, 2016 was 5.85 years with a gross redemption yield of 15.32%. 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 15.80% 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 2015 and 2016.

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions ocurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumptions, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The method used for sensitivity is

Sensitivity		
Discount rate		
+1% Effect on pension and gratuity benefit expense	(4,997)	(6,424)
-1% Effect on pension and gratuity benefit expense	5,988	7,896
Salary increase		
+1% Effect on pension and gratuity benefit expense	5,719	7,483
-1% Effect on pension and gratuity benefit expense	(5,212)	(6,745)
Pension increase rate		
+1% Effect on pension and gratuity benefit expense	5,680	7,546
-1% Effect on pension and gratuity benefit expense	(5,246)	(6,701)

The following payments are expected contribution to the defined benefit plan in future years 2016	**Gratuity**	**Pension**
Within the next 12 months	262,770	245,730

Notes to the Financial Statements

	2016 N. '000	2015 N. '000

16. Retirement benefits (continued)

Between 2 and 5 years	564,069	1,374,264
Between 5 and 10 years	2,093,709	3,287,575
	2,920,548	**4,907,569**

The follwing payments are expected contribution to the defined benefit plan in future years 2015	**Gratuity**	**Pension**
Within the next 12 months	105,894	215,962
Between 2 and 5 years	1,020,315	1,403,066
Between 5 and 10 years	11,574,621	3,225,963
	12,700,830	**4,844,991**

Defined contribution plan

As at December 31 2016, 4 employees were under the defined contribution scheme. The Company's 2016 contribution to the scheme was N2.6million (2015: N2million).

17. Deferred income

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

Analysis of deferred income		
Opening balance	25,049,738	19,883,463
Additions	5,685,194	9,360,742
Amortisation (rental income for the year)	(5,974,384)	(4,194,467)
	24,760,548	**25,049,738**

Non-current	18,506,428	21,148,601
Current	6,254,120	3,901,137
	24,760,548	**25,049,738**

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

The amount of minimum lease payment as at 31st Dec 2016 in aggregate for the investment properties are as follows:
Years 2017: N5.5B, Years 2018 -2019: N11B.

Rental agreements are valid for a three year period and cash payments are made annually.

18. Contingent Liability

At the reporting date, there were several lawsuits with claims amounting to N145million (2015: N427million) 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.

Notes to the Financial Statements

	2016 N. '000	2015 N. '000

19. Current tax payable

	2016 N. '000	2015 N. '000
Balance at beginning of the year	(141,531)	(2,348,901)
Current tax for the year	(3,339,347)	(821,110)
Balance at 31 December	2,730,605	141,531

Movement in current income tax

	2016 N. '000	2015 N. '000
Opening balance	141,531	2,348,901
Payments	(692,527)	(2,574,668)
Provision for the year	3,339,347	821,110
Withholding tax credit utilised	(57,746)	(453,812)
Balance at 31 December	**2,730,605**	**141,531**

20. Trade and other payables

	2016 N. '000	2015 N. '000
Trade payables	5,955,927	6,559,231
VAT payable	119,483	49,742
Other payables	387,199	237,715
Due to related companies	44,074	291,556
Accrued expenses	248,186	219,115
Unclaimed dividend & payments	1,089,117	947,556
Non-product trade payables	1,965,912	1,509,635
Finance lease obligation	26,933	9,870
	9,836,831	**9,824,420**

Terms and conditions of the above financial liabilities:
- Trade and other payables are non-interest bearing and are settled within an average of 34 days of receipt of invoice
- Other payables and Non- product trade payables are non-interest bearing and are mainly made up of obligations to contractors, retention on contracts and employee payables.
- Unclaimed dividend and payments relate to dividend returned (2016: 1,032million, 2015: 896million) and the balance relates to unpresented cheques.
- Terms and conditions of related parties are disclosed in note 32.

21. Finance lease liabilities

	2016 N. '000	2015 N. '000
Minimum lease payments due		
- within one year	31,543	10,599
	31,543	10,599
less: future finance charges	(4,610)	(729)
Present value of minimum lease payments	**26,933**	**9,870**
Present value of minimum lease payments due		
- within one year	26,933	9,870

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.

22. Financial liabilities by category

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

Financial labilities - 2016

	Financial liabilities at amortised cost	Total
Trade and other payables (Excl. VAT and unclaimed dividend and payment)	8,628,231	8,628,231

	2016 N. '000	2015 N. '000

22. Financial liabilities by category (continued)

Financial Liabilities - 2015

	Financial liabilities at amortised cost	Total
Trade and other payables (Excl. VAT and unclaimed dividend and payment)	8,827,122	8,827,122
Bank overdraft	413,371	413,371
	9,240,493	**9,240,493**

23. Revenue

Third party sales	92,305,062	63,255,548
Intercompany sales	1,802,621	965,353
	94,107,683	**64,220,901**

The amount included in revenue arising from exchanges of goods or services included in revenue are as follows:

Sale of goods	94,107,683	64,220,901

24. Other operating income

Exchange gains	-	9,858
Rental income	6,272,004	4,470,091
Exchange loss	(214,662)	(20,437)
Service charges on demurrage, sale of scrap	154,694	104,379
Backcourt income	135,002	106,391
	6,347,038	**4,670,282**

Rental income represents rent received from investment properties of N5,974million (2015: N4,195million) and the balance represents rent from service stations.

Notes to the Financial Statements

	2016 N. '000	2015 N. '000

25. Operating expense

	2016 N. '000	2015 N. '000
Total expenses		
Administrative expenses	3,688,590	3,165,076
Selling and distribution expenses	6,586,717	5,517,566
Loss on asset disposals	16,569	23,427
	10,291,876	**8,706,069**

	2016 N. '000	2015 N. '000
The following items are included within operating expenses:		
Administrative expense (excl. depreciation)	2,622,084	1,669,828
Selling and distribution expenses (excl. depreciation)	5,095,416	5,101,914
Depreciation and amortisation	2,557,807	1,910,900
Loss on asset disposals	16,569	23,427
	10,291,876	**8,706,069**

Depreciation on manufacturing expense is charged to Cost of sales and excluded from depreciation and amortisation in operating expense.

Included in operating expenses are the following expenses by nature

	2016 N. '000	2015 N. '000
Expenses by nature		
Employee related expenses	2,915,300	2,608,454
Volume related expense	3,254,678	2,572,477
Depreciation and amortisation	2,557,807	1,910,900
Maintenance & repairs	512,074	428,933
Auditors remuneration	42,833	32,023
Loss on asset disposals	16,569	23,427
Service station rent amortisation	500,326	237,112
Others	492,289	892,743
	10,291,876	**8,706,069**

Others mainly consists of contract labour, finacial, legal, research and advert costs.

26. Finance costs

	2016 N. '000	2015 N. '000
Interest expense	292	140,930
Borrowing cost capitalised	-	(17,850)
	292	**123,080**

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

	2016 N. '000	2015 N. '000
Reconciliation of borrowing costs		
Total borrowing costs	292	140,930
Less: Capitalised to qualifying assets	-	(17,850)
	292	**123,080**

The interest rate paid was 10% on specific borrowings for capital projects.

Notes to the Financial Statements

	2016 N. '000	2015 N. '000

27. Taxation

Major components of the tax expense

	2016 N. '000	2015 N. '000
Current		
Company income tax	2,702,407	592,974
Prior year underprovision	316,536	-
Education tax	320,404	228,136
	3,339,347	821,110
Deferred		
Origination and reversal of temporary differences	526,252	1,212,283
	3,865,599	2,033,393

	2016 N. '000	2015 N. '000
Profit before tax	12,019,892	6,906,322

Reconciliation of tax expense using accounting profit

	2016 N. '000	2015 N. '000
Income before tax using statutory rate 30%	3,605,967	2,071,897
Education Tax	320,404	228,136
Investment allowance (Tax incentive)	(33,188)	(215,718)
Tax rate differential	(27,584)	(50,922)
	3,865,599	2,033,393

28. Other comprehensive income

Components of other comprehensive income - 2016

	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	788,365	(252,277)	536,088

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)

29. 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 (2015: 360,595,261).

	2016 N. '000	2015 N. '000
Basic earnings per share		
From continuing operations (kobo per share)	2,261	1,351

Notes to the Financial Statements

	2016 N. '000	2015 N. '000

29. Earnings per share (continued)

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

Reconciliation of profit or loss for the year to basic earnings		
Profit or loss for the year attributable to equity holders	8,154,293	4,872,929
Adjusted for:		

Dividends per share

Final (kobo)	800	720

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.

30. Dividends paid

Dividends	(2,596,286)	(2,379,929)

31. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Investment property	-	750,703

No commitment on investment properties in 2016.

	2016 N. '000	2015 N. '000

32. 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(Discontinued in 2017)

Related party balances

	2016 N. '000	2015 N. '000
Amounts included in Trade and other receivables regarding related parties		
Mobil Producing Nigeria Unlimited	1,480,014	1,045,016
ExxonMobil Marine Limited	11,988	433
Esso Exploration & Production Nigeria Limited	-	39,529
Amounts included in Trade and other payables regarding related parties		
Mobil Producing Nigeria Unlimited	34,669	203,987
ExxonMobil Petroleum and Chemical BVBA	-	670
ExxonMobil Corporation	9,404	80,524
ExxonMobil Aviation Inc.	16,534	6,375
Dividend paid		
ExxonMobil Oil Corporation	1,557,772	1,427,957
Deferred Income		
Mobil Producing Nigeria Unlimited	24,760,548	25,049,738
Amount included in Cash and bank regarding related parties		
ExxonMobil Capital N.V	75,963	2,617,806

Related party transactions

	2016 N. '000	2015 N. '000
Income from related parties		
Mobil Producing Nigeria Unlimited	7,627,092	5,041,241
ExxonMobil Aviation Inc.	4,610	175,138
ExxonMobil Marine Limited	62,284	36,408
Esso Exploration & Production Nigeria Limited	86,505	81,834
Rent earned from related parties		
Mobil Producing Nigeria Unlimited	5,974,384	4,194,467
Technical Service Agreement		
ExxonMobil Petroleum and Chemical BVBA	780,822	789,130

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.

	2016 N. '000	2015 N. '000
Purchases from related parties		
ExxonMobil Petroleum and Chemical BVBA	7,475,427	67,952

MON purchases lubricants from ExxonMobil Petroleum and Chemical BVBA through a logistics provider.

Notes to the Financial Statements

32. 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 2016, MON has not recorded any impairment of receivables relating to amounts owed by related parties (2015: 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.

33. Events after the reporting period

The Defined Benefit Scheme has been converted to a Defined Contribution as at 31st January 2017.

Notes to the Financial Statements

Note 34 Fair Value Measurement and disclosures

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

a) Investment Properties

Location of Investment properties	Valuation technique
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 (nature, location and condition) properties of recent sales transaction in the property market.
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 (nature, location and condition) properties of recent sales transaction in the property market.
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 (nature, location and condition) properties of recent sales transaction in the property market.
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 (nature, location and condition) properties of recent sales transaction in the property market.
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 (nature, location and condition) properties of recent sales transaction in the property market.

b) Employee loans

Loans to Employees	The discounted cash flow method was used in arriving at the fair value of the loans the Company provides to employees. This fair value is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risks and remaining maturity.

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

Notes to the Financial Statements

35. Directors & Key management personnel emoluments

	2016 N. '000	2015 N. '000
Emoluments of directors		
Fees paid to Non-Executive Directors	525	1,000
Remuneration paid to Executive Directors	284,062	264,123
Other emoluments (Short term benefits)	4,354	6,886
Total	288,941	272,009

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

	2016 N. '000	2015 N. '000
Chairman	82,313	73,442
Highest paid Director	163,058	137,358

Directors received emoluments in the following ranges :

	Number	Number
N251,001 - N1,000,000	-	2
Above N1,000,000	3	3
	3	5

One director was not paid any emoluments in 2015.

Emoluments of key management personnel

	2016 N. '000	2015 N. '000
Short term benefits (Salaries wages & other benefits)	403,516	453,705
Post employment benefits	174,988	92,221
Total	578,504	545,926

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	25	26
Senior staff	65	68
Total	90	94

(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 :

Under N2,000,000	1	
N2,000,001 - N 6,000,000	1	6
N6,000,001 - N 8,000,000	7	5
N8,000,001 - N 10,000,000	21	18
N10,000,001 - N 20,000,000	37	40
N20,000,001 & above	23	25
Total	90	94

Notes to the Financial Statements

36 Segmental Information

As at 31st December 2016, 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 as at 31 December, 2016. (2015: Nil)
Segment revenue reported below represents revenue generated from external customers. There were also no intersegment sales as at 31 December, 2016. (2015: 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 (N'000)	Property Business (N'000)	Total (N'000)
A The segment results for the period ended 31 December 2016 are as follows:			
Revenue	94,107,683	-	94,107,683
Cost of sales	(78,403,388)	-	(78,403,388)
Operating expense	(8,270,485)	(2,021,391)	(10,291,876)
Other operating income	372,654	5,974,384	6,347,038
Finance income	260,727	-	260,727
Finance costs	(292)	-	(292)
Profit before taxation	8,066,899	3,952,993	12,019,892
Taxation	(2,487,074)	(1,378,525)	(3,865,599)
Profit for the period	5,579,825	2,574,468	8,154,293
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	(7,269,494)	(1,436,575)	(8,706,069)
Other income	475,815	4,194,467	4,670,282
Other non-operating expense	0	-	-
Finance income	74,135	-	74,135
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
B Reconciliation of segment assets and liabilities to total assets and liabilities as at 31 December 2016:			
Intangible assets	82,683	-	82,683
Segmented total liabilities	(14,104,760)	(26,139,073)	(40,243,833)
Deferred tax liabilities	(622,074)	-	(622,074)
Cash and cash equivalents	8,441,707	-	8,441,707
Segmented net assets	17,735,309	3,722,187	21,457,496
Capital expenditure	953,641	2,078,021	3,031,662
Depreciation charge for the period	(612,654)	(1,991,888)	(2,604,542)
Reconciliation of segment assets and liabilities to total assets and liabilities as at 31 December 2015:			
Intangible assets	100,862	-	100,862
Segmented total liabilities	(12,964,507)	(25,744,181)	(38,708,688)
Deferred tax assets	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)

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.

Product customers are diverse and Mobil Producing Nigeria Unlimited is the only rental cutomer.

Notes to the Financial Statements

Property plant and equipment movement analysis (Note 2)

December 2016	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	4,188,434	6,009,913	296,496	328,443	1,231,647	12,804,203
Additions	-	83,544	69,377	8,573	37,905	754,242	953,641
Transfers from lease	-	-	-	-	-	-	-
Transfers from asset under Construction	-	788,179	418,306	18,799	-	(1,225,284)	-
Disposals	-	(16,591)	(45,351)	(960)	(6,208)	-	(69,110)
At end of the period	**749,269**	**5,043,567**	**6,452,245**	**322,908**	**360,140**	**760,605**	**13,688,735**
Depreciation							
At beginning of the year	-	(1,699,914)	(3,069,226)	(195,713)	(226,536)	-	(5,191,390)
Charge for period	-	(210,757)	(341,148)	(25,430)	(35,319)	-	(612,654)
Disposals	-	12,452	32,953	960	5,925	-	52,289
At end of the period	-	**(1,898,220)**	**(3,377,422)**	**(220,183)**	**(255,930)**	-	**(5,751,755)**
Net book value							
31 December 2016	**749,269**	**3,145,346**	**3,074,822**	**102,725**	**104,210**	**760,605**	**7,936,980**

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	-	10,000.00	(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**

Notes to the Financial Statements

Investment property movement analysis (Note 3)

December 2016	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	12,479,859	12,426,523	557,623	6,696,633	32,160,638
Additions	52,465	1,089,818	10,685	925,053	2,078,021
Transfers	172,361	6,289,583	1,243	(6,463,188)	-
Disposals	-	-	-	-	-
At end of the year	**12,704,686**	**19,805,924**	**569,552**	**1,158,498**	**34,238,659**
Depreciation					
At beginning of the year	(812,567)	(1,996,836)	(62,971)	-	(2,872,373)
Charge for period	(386,489)	(1,567,682)	(37,716)	-	(1,991,888)
Disposals	-	-	-	-	-
At end of the year	**(1,199,055)**	**(3,564,518)**	**(100,687)**	**-**	**(4,864,261)**
Net book value					
31 December 2016	**11,505,630**	**16,241,406**	**468,865**	**1,158,498**	**29,374,398**

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	293,984.00	1,619,493	3,749,645
Transfers	11,521,620	6,101,406.00	241,253.00	(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

Notes to the Financial Statements

Intangible assets movement analysis (Note 5)

December 2016	Software Costs	Franchise Costs	Permit	Total
	N'000	N'000		N'000
Cost				
At beginning of the year	201,551	123,647	15,045	340,243
Additions	-	-	-	-
Disposals	-	-	-	-
At end of the period	**201,551**	**123,647**	**15,045**	**340,243**
Amortization				
At beginning of the year	(123,172)	(114,891)	(1,316)	(239,382)
Amortization for the period charged to expense	(13,437)	(3,990)	(752)	(18,179)
Disposals		-	-	-
At end of the period	**(136,609)**	**(118,881)**	**(2,069)**	**(257,560)**
Net Book Value				
31 December 2016	**64,942**	**4,766**	**12,976**	**82,683**

December 2015	Software Costs	Franchise Costs	Permit	Total
	N'000	N'000		N'000
Cost				
At beginning of the year	201,551	123,647	15,045	340,243
Additions	-	-	-	-
Disposals	-	-	-	-
At end of the year	201,551	123,647	15.045	340,243
Amortization				
At beginning of the year	(109,735)	(108,106)	(564.17)	(218,405)
Amortization for the period charged to expense	(13,437)	(6,787)	(752)	(20,976)
Disposals	-	-	-	-
At end of the year	(123,172)	(114,893)	(1,316)	(239,381)
Net Book Value				
31 December 2015	**78,379**	**8,754**	**13,729**	**100,862**

Intangible assets are made up of the cost of upgrading the Company's computer systems, permits and the franchise cost paid, which gives the Company the right to use named brands in Mobil service stations. The assets are amortised using straight line method with a useful life of fifteen and ten years for the software and franchise cost respectively.

Other National Disclosures - Statement of Value Added

	2016 N. '000	%	2015 N. '000	%
- Inland sales	94,107,683		64,220,901	
- Export sales	-		-	
Sales to outsiders	94,107,683		64,220,900	
- Local purchases	75,425,205		57,167,348	
- Purchases from imports	7,475,427		67,952	
Purchases of goods and other services	82,900,632		57,235,300	
Value added by trading operations	11,207,052	64	6,985,601	60
Other income	6,330,469	36	4,646,854	40
	17,537,520		11,632,455	
Other expense	(16,569)	(0)	(23,427)	-
	17,520,951	100	11,609,028	100

	2016 N. '000	%	2015 N. '000	%
Applied as follows :				
To pay staff and labour related expenses	2,878,045	16	2,597,898	23
To pay dividends to shareholders	2,596,286	15	2,379,929	21
To pay interests and similar charges	292	0	123,080	1
To pay Government taxes and licences	3,865,599	22	2,033,393	17
To provide for maintenance of assets	2,622,721	15	1,981,728	17
Profit after tax transferred to reserve (net of dividend)	5,558,007	32	2,493,000	21
	17,520,951	100	11,609,028	100

Mobil Oil Nigeria plc.

(Registration number RC 914)
Financial statement for the year ended December 31, 2016

Other National Disclosures - Five-Year Financial Summary

	2016	2015	2014	2013	2012
	N'000	N'000	N'000	N'000	N'000
Equity					
Share capital	180,298	180,298	180,298	180,298	180,298
Share premium	14,380	14,380	14,380	14,380	14,380
Reserves	22,530,180	15,168,723	13,354,772	9,342,953	6,395,290
	22,724,858	15,353,401	13,549,450	9,537,631	6,589,968
Assets and liabilities :					
Property, plant & equipment	7,936,980	7,612,813	7,287,171	7,111,647	6,924,494
Investment property	29,374,398	29,288,265	26,954,798	20,695,199	13,164,228
Intangible assets	82,683	100,862	121,838	134,706	164,163
Deferred tax assets	-	156,455	1,049,185	350,964	283,963
Prepayments	1,978,780	1,598,378	1,552,726	1,525,090	1,340,774
Working capital	3,506,932	1,034,858	(4,081,207)	(3,469,960)	(646,391)
	42,879,773	39,791,631	32,884,511	26,347,646	21,231,231
Non current liabilities	(21,422,277)	(24,428,230)	(19,335,061)	(16,810,015)	(14,641,263)
Net tangible assets	21,457,496	15,363,401	13,549,450	9,537,631	6,589,968
Turnover	94,107,683	64,220,901	79,583,738	78,744,100	80,801,947
Profit before taxation	12,019,892	6,906,322	8,446,137	5,123,002	4,076,549
Taxation	(3,865,599)	(2,033,393)	(2,053,347)	(1,642,217)	(1,198,250)
Profit after taxation	8,154,293	4,872,929	6,392,790	3,480,785	2,878,299
Actuarial gains/(losses)	536,088	(679,049)	(217,399)	1,269,854	716,559.84
Reserves beginning of the year	15,168,723	13,354,772	9,342,953	6,395,290	4,332,959
Bonus issue	-	-	-	-	(30,049)
Dividends	(2,596,286)	(2,379,929)	(2,163,572)	(1,802,976)	(1,502,480)
Adoption of IFRS adjustments	-	-	-	-	-
Reserves end of year	21,262,818	15,168,723	13,354,772	9,342,953	6,395,290
Earnings per 50k share	2261K	1351K	1773K	965K	856K
Dividends per 50k share		720K	660K	600K	500K
Return on equity	36%	32%	47%	36%	44%

Note:

1) Earnings and dividend per share are calculated on the basis of the fully paid ordinary shares of 336,226,266 for financial year 2012, and 360,595,261 for 2013-2016 financial year.

2013 - 2016 Return on Equity(ROE) represents profit after taxation divided by the total shareholders' equity.

2) All figures disclosed are based on IFRS.