Eterna Plc

Annual Report,
Consolidated and Separate Financial Statements
For the year ended 31 December 2015

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DIRECTORS, PROFESSIONAL ADVISERS, ETC.

Directors:

Mr. Mahmud Tukur	-	Managing Director/CEO (Nigerian)
Mr. Ibrahim Boyi	-	(Nigerian)
Chief (Dr) Michael Ade Ojo, OON	-	(Alternate: Otunba Femi Deru) (Nigerian)
Mrs. Afolake Lawal	-	(Nigerian)

Company Secretary:
Bunmi Agagu

Registered Office:
5a, Oba Adeyinka Oyekan Avenue
(Formerly Second Avenue)
Ikoyi
Lagos, Nigeria

Company Registrar:
GTL Registrars
No 2, Burma Road
Apapa
Lagos.

Auditors:
Akintola Williams Deloitte
235, Ikorodu Road,
Lagos
Nigeria.

Principal Bankers:
(a) First Bank Nigeria Limited
(b) Sterling Bank Plc
(c) United Bank for Africa Plc

Directors' report

The Directors submit their report together with the audited financial statements for the year ended 31 December 2015, which disclose the state of affairs of the Company and the Group.

Legal form and address
Eterna Plc was incorporated in Nigeria as a private limited liability Company in 1989. In 1997, it became a public Company. The Company's shares which are currently quoted on the Nigerian Stock Exchange (NSE) were first listed in August 1998. The Company is domiciled in Nigeria and the address of its registered office is:

5a Oba Adeyinka Oyekan Avenue
(Formerly Second Avenue)
Ikoyi
Lagos

Principal activities
The principal activities of the companies in the Group are manufacturing and marketing of lubricating oils and petrochemicals, importation and sale of fuels through its retail outlets, gas, power, upstream supply and technical services for companies in the oil industry.

Results and dividend
The Group's results for the year are set out on page 2. The profit after tax for the year of N1.28 billion for the Group (2014: N1.29 billion) has been transferred to retained earnings.

The board of directors has proposed, subject to approval at the next Annual General Meeting, the payment of a final dividend of 25 kobo per ordinary share. The dividend is subject to deduction of withholding tax at the rate applicable at the time of payment.

The Group achieved consolidated revenue of N92.1 billion representing overall percentage increase of 12% compared with N82.3 billion revenue achieved in 2014.

However, gross profit reduced by 10% in 2015 to N3.08 billion compared to gross profit of N3.40 billion achieved in 2014.

Directors
The Directors who held office during the reporting year are:

Name
Mr. Mahmud Tukur (Managing Director/CEO)
Mr. Ibrahim Boyi
Chief (Dr) Michael Ade Ojo, OON (Alternate: Otunba Femi Deru)
Mrs. Afolake Lawal

Directors' interest in contracts
None of the Directors has notified the Company for the purpose of section 277 of the Companies and Allied Matters Act of their direct or indirect interest in contracts or proposed contracts with the Company during the year.

Directors' Report (cont'd)

Directors' shareholding

The direct and indirect interests of Directors in the issued share capital of the Company as recorded in the register of Directors' shareholdings and/or as notified by the Directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange are as follows:

Director	*No of shares held 31-Dec-2015*	*No of shares held 31-Dec-2014*
Chief (Dr) Michael Ade Ojo, OON	25,645,823	25,645,823
Mrs. Afolake Lawal	962,010	962,010

Indirect Shareholding	*Represented By:*		
Lenux Integrated Resources Limited	Messrs. Mahmud Tukur and Ibrahim Boyi	205,156,231	250,156,231
GTI Securities Limited	Mrs. Afolake Lawal	44,886,000	44,991,532
GTI Capital Limited	Mrs. Afolake Lawal	15,771,425	15,000,000
L.A PRO Shares Limited	Mrs. Afolake Lawal	17,085,000	17,085,000

Shareholding structure

Range	*No of shareholders*	*No of shares*	*Percentage*
1 - 1,000	7,710	4,615,147	0.35%
1,001 - 5,000	10,873	26,306,669	2.02%
5,001 - 10,000	3,063	22,452,085	1.72%
10,001 - 50,000	3,698	78,809,244	6.04%
50,001 - 100,000	553	40,137,499	3.08%
100,001 - 500,000	475	96,291,101	7.38%
500,001 - 1,000,000	42	29,435,561	2.26%
1,000,001 - 5,000,000	51	113,463,439	8.70%
5,000,001 - 10,000,000	23	523,806,137	40.16%
10,000,001 - 1,304,144,647	2	368,827,765	28.28%
Total	**26,490**	**1,304,144,647**	**100.00%**

According to the register of members as at 31 December 2015, the following shareholders of the Company held more than 5% of the issued share capital of Eterna Plc.

Shareholder	**No of shares held**	*Percentage*
Lenux Integrated Resources Limited	250,156,231	19.14%
Global Energy Engineering & Raw Materials Limited	179,990,000	13.77%
Radix Trustees	69,958,007	5.35%
Meristem Stockbrokers Limited	67,000,000	5.13%

Research and development

The Company, in its continuous efforts to ensure that its products are the best available in the market using modern and efficient manufacturing processes, continues to invest in research and development.

Directors' Report (cont'd)

Employment of disabled persons

The Company has a policy of fair consideration of job applications by disabled persons having regard to their abilities and aptitude. The Company's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees.

Employee training and involvement

The Directors maintain regular communication and consultation with the employees, the union leaders and staff representatives on matters affecting employees and the Company.

There is great emphasis on staff development and training through carefully planned training courses and seminars to update the special skills and job requirements of the staff throughout the Company.

Health, safety and environment

The Company has established and enshrined in its operating protocols high standards for Health, Safety and Environmental (HSE) protection for its staff, third party staff and the public in all its operating environments. All Company and third party personnel are subjected to regular and consistent induction and drills in healthy, safe and environmentally friendly practices. We also update and monitor our HSE performance against our objectives regularly to ensure we operate at the highest standard.

Fixed assets

Movement in fixed assets during the year is shown in Note 14 to the financial statements. In the opinion of the Directors, the market value of the Company's properties is not less than the value shown in the financial statements.

Donations and gifts

The Company made contributions to some charitable institutions and organizations during the year which amounted to N3.4 million (2014: N2.8 million).

Beneficiaries	**N'000**
Niara Inspire Africa Conference	250
The NSE Corporate Challenge	1,200
The Ikoyi Club (Ladies Open Championship)	250
University of Nigeria Nsukka Research centre	1,000
International Women Organisation For Charity	700
Total	**3,400**

Fuel Subsidy case

In previous years, we informed you that one of the challenges facing our Company was the criminal charge by the Economic and Financial Crimes Commission (EFCC) in respect of petroleum subsidy claims and that the Nigerian Government had alleged that our Company was complicit in making false claims for petroleum subsidy.

The charge filed by the EFCC in respect of the transactions is on-going before the Lagos State High Court. Our Company remains resolute in using available legal means to resolve the issues.

Once again, we reiterate that we have not received any illegal benefits from subsidy claims and will take all necessary actions to defend the interest of our Company.

Sovereign Debt Note

The Company has an outstanding receivable from the Federal Government of Nigeria (FGN) valued at N1.58 billion in respect of subsidy claims for PMS import. This balance has been reconciled with the Petroleum Product Pricing Regulatory Agency (PPPRA) and qualifies for a Sovereign Debt Note (SDN) however, the SDN is yet to be issued.
This sum is stated in the Company's receivables balance and we believe that the FGN will honour its obligation to Eterna Plc.

Directors' Report (cont'd)

Auditors
Messrs. PricewaterhouseCoopers were the Company's Auditors for ten years and in accordance with the provisions of the Code of Corporate Governance applicable to Listed Companies in Nigeria, resigned their appointment as Auditors in January 2016. Messrs. Akintola Williams Deloitte were appointed on 22 January, 2016 by the Directors to fill the vacancy created in line with Section 357(6); and hold office till the end of the Company's next Annual General Meeting. In accordance with Section 357(2) of the Companies and Allied Matters Act (Cap C 20) Laws of the Federation of Nigeria 2014, Messrs. Akintola Williams Deloitte have indicated their willingness to continue in office as External Auditors of the Company. A resolution will be proposed at the Annual General meeting authorising the Directors to fix the remuneration of the Auditors.

By order of the Board

Bunmi Agagu
Company Secretary/Legal Adviser
FRC/2013/NBA/00000004342

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS

The Directors of Eterna Plc ("the Company") and its subsidiaries (together referred to as "the Group") are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Group and Company as at 31 December 2015 and the results of its operations, cash flows and changes in the equity for the year ended, in compliance with the International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matter Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- Properly selecting and applying accounting policies
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- Making an assessment of the Group and Company's ability to continue as a going concern.

The Directors are responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Group and Company comply with IFRS;
- Maintaining statutory accounting records in compliance with legislation of Nigeria and IFRS;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and preventing and detecting fraud and other irregularities.

Going Concern:
The Directors have made an assessment of the Group and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not remain a going concern in the year ahead.

The consolidated financial statements of the Company for the year ended 31 December 2015 were approved by Directors on 26th April 2016.

On behalf of the Directors of the Group and Company

Mahmud Tukur
Managing Director
FRC /2013/IODN/00000004443

Ibrahim Boyi
Director
FRC/2013/IODN/00000004347

SIGN

Deloitte.

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

ETERNA PLC

Report on the Financial Statements

We have audited the accompanying consolidated and separate financial statements of **Eterna Plc ("the Company") and its subsidiaries (together referred to as "the Group")** which comprise the consolidated and separate statement of financial position as at 31 December 2015, the consolidated and separate statement of comprehensive income, consolidated and separate statement of changes in equity, consolidated and separate statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council of Nigeria Act, 2011, the International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of **Eterna Plc and its subsidiaries** as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Other matters

The consolidated and separate financial statements of **Eterna Plc and its subsidiaries** for the year ended 31 December, 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 20 March, 2015.

Other reporting responsibilities

In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Group has kept proper books of account, so far as appears from our examination of those books.

iii) The Group's financial position and its statement of comprehensive income are in agreement with the books of account and returns

Olufemi Abegunde, FCA-FRC/2013/ICAN/00000004507
For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria
27 **April 2016**

Consolidated statement of Profit or loss and other comprehensive income

	Note	Group 2015 N'000	Group 2014 N'000	Company 2015 N'000	Company 2014 N'000
Revenue	6	92,065,354	82,330,180	92,669,238	82,832,117
Cost of sales	7	(88,985,055)	(78,925,805)	(89,735,520)	(79,545,456)
Gross profit		**3,080,299**	**3,404,375**	**2,933,718**	**3,286,661**
Selling and distribution expenses	7	(8,513)	(22,533)	(7,623)	(18,489)
General and administrative expenses	7	(1,865,178)	(1,454,810)	(1,756,471)	(1,370,808)
Other income	10	239,457	102,388	238,313	101,137
Foreign exchange gains		212,456	53,449	212,456	53,449
Derivative gains	12	157,858	72,480	157,858	72,480
Operating profit		**1,816,379**	**2,155,350**	**1,778,251**	**2,124,430**
Finance income	11	22,228	23,433	22,228	23,433
Finance cost	12	(532,022)	(386,717)	(531,238)	(386,042)
Profit before tax		**1,306,585**	**1,792,066**	**1,269,241**	**1,761,821**
Taxation	13	(28,512)	(502,500)	(5,357)	(503,023)
Profit for the year		**1,278,073**	**1,289,566**	**1,263,884**	**1,258,798**
Attributable to:					
– Owners of the parent		**1,278,076**	**1,289,559**	**1,263,884**	**1,258,798**
– Non-controlling interests		**(3)**	**7**	**-**	**-**
		1,278,073	**1,289,566**	**1,263,884**	**1,258,798**
Other comprehensive income:					
(a) Items that will not be reclassified to profit & loss					
Actuarial gains or (losses)	22	(19,914)	28,424	(19,914)	28,424
Tax effect of other comprehensive income		5,974	(8,527)	5,974	(8,527)
Other comprehensive income net of tax		(13,940)	19,897	(13,940)	19,897
(b) Items that may subsequently be reclassified to profit & loss		-	-	-	-
Total comprehensive income for the year		**1,264,133**	**1,309,463**	**1,249,944**	**1,278,695**
Attributable to:					
– Owners of the parent		**1,264,136**	**1,309,456**	**1,249,944**	**1,278,695**
– Non-controlling interests		**(3)**	**7**	**-**	**-**
Total comprehensive income for the year		**1,264,133**	**1,309,463**	**1,249,944**	**1,278,695**
Earnings per share:					
Basic	26	0.98	0.99	0.97	0.97
Diluted	26	0.89	0.99	0.88	0.97

The notes on pages 7 to 38 form an integral part of these financial statements

Consolidated statement of financial position
As at 31 December 2015

	Note	Group		Company	
		31 December 2015 N'000	31 December 2014 N'000	31 December 2015 N'000	31 December 2014 N'000
Non-current assets					
Property, plant and equipment	14	5,867,838	6,058,923	5,634,039	5,826,201
Intangible Assets	14	7,485	10,574	7,485	10,574
Prepayments	15	286,026	218,220	286,026	218,220
Other investments	16	244,500	165,000	244,500	165,000
Investment in subsidiaries	16	-	-	50,990	50,990
		6,405,849	6,452,717	6,223,040	6,270,985
Current assets					
Inventory	18	1,515,284	3,199,350	1,217,501	2,905,174
Trade and other receivables	19	18,604,499	6,143,632	18,365,420	6,101,462
Prepayments	15	191,328	98,218	191,299	98,218
Cash and bank balances	20	1,848,449	2,672,978	1,848,448	2,672,975
		22,159,560	12,114,178	21,622,668	11,777,829
Total assets		**28,565,409**	**18,566,895**	**27,845,708**	**18,048,814**
Non-current liabilities					
Borrowings	21	152,249	328,754	152,249	328,754
Deferred tax liability	17	822,071	602,178	770,478	561,990
Decommissioning liability	23	45,552	39,604	39,929	34,765
Employee benefit liability	22	86,561	40,196	86,561	40,196
Derivative liability	21	204,662	362,520	204,662	362,520
		1,311,095	**1,373,252**	**1,253,879**	**1,328,225**
Current liabilities					
Trade and other payables	24	12,584,144	6,023,107	12,524,638	6,127,093
Borrowings	21	4,512,818	1,824,314	4,512,818	1,824,314
Tax payable	13	473,047	926,050	292,582	757,335
		17,570,009	**8,773,471**	**17,330,038**	**8,708,742**
Total liabilities		**18,881,104**	**10,146,723**	**18,583,917**	**10,036,967**
Equity attributable to shareholders					
Share capital	25	652,072	652,072	652,072	652,072
Share premium	25	5,796,053	5,796,053	5,796,053	5,796,053
Retained earnings		3,236,048	1,971,918	2,813,666	1,563,722
		9,684,173	8,420,043	9,261,791	8,011,847
Non -controlling interest		132	129	-	-
Total equity		**9,684,305**	**8,420,172**	**9,261,791**	**8,011,847**
Total equity and liabilities		**28,565,409**	**18,566,895**	**27,845,708**	**18,048,814**

The financial statements were approved by the board of directors and authorised for issue on 26th April 2016. They were signed on its behalf by:

Mahmud Tukur
Managing Director
FRC /2013/IODN/00000004443

Ibrahim Boyi
Director
FRC/2013/IODN/00000004347

Kudi Badmus
Chief Finance Officer
FRC/2016/ICAN/00000014237

SIGN

The notes on pages 7 to 38 form an integral part of these financial statements

Consolidated statement of changes in equity

Attributable to equity holders

	Group					
	Share Capital	**Share premium**	**Retained Earnings**	**Total amount attributable to equity holders**	**Non - controlling interest**	**Total Equity**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Balance at 1 January 2014	652,072	5,796,053	662,462	**7,110,587**	122	**7,110,709**
Comprehensive income						
Profit for the year	-	-	1,289,559	**1,289,559**	7	**1,289,566**
Other Comprehensive income						
- Actuarial gains net of tax	-	-	19,897	**19,897**	-	**19,897**
Total comprehensive income	-	-	**1,309,456**	**1,309,456**	**7**	**1,309,463**
Transaction with owners	-	-	-	**-**	-	**-**
At 31 December 2014	**652,072**	**5,796,053**	**1,971,918**	**8,420,043**	**129**	**8,420,172**
Balance at 1 January 2015	652,072	5,796,053	1,971,918	**8,420,043**	129	**8,420,172**
Comprehensive income						
Profit for the year	-	-	1,278,076	**1,278,076**	(3)	**1,278,073**
Other Comprehensive income						
- Actuarial gains net of tax	-	-	(13,940)	**(13,940)**	-	**(13,940)**
Total comprehensive income	**-**	**-**	**1,264,136**	**1,264,136**	**(3)**	**1,264,133**
Transaction with owners	-	-	-	**-**	-	**-**
At 31 December 2015	**652,072**	**5,796,053**	**3,236,054**	**9,684,179**	**126**	**9,684,305**

	Company			
	Share capital N'000	**Share premium N'000**	**Retained earnings N'000**	**Total Equity N'000**
Balance at 1 January 2014	652,072	5,796,053	285,027	**6,733,152**
Comprehensive income				**-**
Profit for the year			1,258,798	**1,258,798**
Other Comprehensive income				**-**
- Actuarial gains net of tax	-	-	19,897	**19,897**
Total comprehensive income	**-**	**-**	**1,278,695**	**1,278,695**
Transaction with owners	-	-	-	**-**
At 31 December 2014	**652,072**	**5,796,053**	**1,563,722**	**8,011,847**
Balance at 1 January 2015	652,072	5,796,053	1,563,722	**8,011,847**
Comprehensive income				**-**
Profit for the year			1,263,884	**1,263,884**
Other Comprehensive income				**-**
- Actuarial gains net of tax	-	-	(13,940)	**(13,940)**
Total comprehensive income	**-**	**-**	**1,249,944**	**1,249,944**
Transaction with owners	-	-	-	**-**
At 31 December 2015	**652,072**	**5,796,053**	**2,813,666**	**9,261,791**

The notes on pages 7 to 38 form an integral part of these financial statements

Consolidated statement of cash flows

	Note	Group		Company	
		31 December 2015 N'000	31 December 2014 N'000	31 December 2015 N'000	31 December 2014 N'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash flow generated from/(used in) operating activities	31	**(2,007,992)**	**4,353,581**	**(2,034,920)**	**4,336,613**
Tax paid	13	(180,585)	(184,040)	(180,585)	(184,040)
Net cash generated from/ (used in) operating activities		**(2,188,577)**	**4,169,541**	**(2,215,505)**	**4,152,573**
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of property, plant and equipment	14	(134,555)	(149,405)	(107,625)	(132,441)
Purchase of Intangible assets	14	(506)	(4,714)	(506)	(4,714)
Payments for leasehold properties	15	(251,504)	(134,083)	(251,504)	(134,083)
Investment payment		(79,500)	(110,000)	(79,500)	(109,999)
Interest received	11	22,228	23,433	22,228	23,433
Net cash used in investing activities		**(443,837)**	**(374,769)**	**(416,907)**	**(357,804)**
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from borrowings	21	13,687,886	10,524,794	13,687,886	10,524,794
Repayment of borrowings and interest	21	(11,259,028)	(12,548,437)	(11,259,028)	(12,548,437)
Other interest paid	12	(209,584)	(75,483)	(209,584)	(75,483)
Net cash generated from/(used in) financing activities		**2,219,274**	**(2,099,126)**	**2,219,274**	**(2,099,126)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		(413,140)	1,695,646	(413,138)	1,695,643
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,140,300	444,654	2,140,297	444,654
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2015	20	**1,727,160**	**2,140,300**	**1,727,159**	**2,140,297**

The notes on pages 7 to 38 form an integral part of these financial statements

Consolidated segment information

The chief operating decision-maker (CODM) has been identified as the Management team of Eterna Plc. Management has determined the operating segments based on the information reviewed by the management team for the purposes of allocating resources and assessing performance. Management has also determined the operating segments based on these reports.

a) Reportable segments

The CODM considers the business singularly from a product perspective. Management separately considers three segments; Retail and Industrial, Lubricants and Chemicals and the Trading activities of the group. The following summary describes the operations in each of the Group's reportable segments:

i. Retail and industrial
This segment derives revenue from the sale and distribution of petroleum products (white products and lubricants) in retail outlets and small units and to industrial customers across Nigeria.

ii. Lubricants and chemicals
This segment involves the manufacture and distribution of lubricants and chemicals to marine and energy customers across Nigeria.

iii. Trading
This segment represents the bulk importation and sale of fuels (PMS, AGO, DPK), Base Oils, Bitumen, LPFO. It also involves lifting and sales of crude oil.

1. The management team (CODM) reviews internal management reports at least on a quarterly basis. Information regarding the results of each reportable segment is included below.

	December 2015				December 2014			
	Retail & industrial	Lubricants & chemicals	Trading	Group	Retail & industrial	Lubricants & chemicals	Trading	Group
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Gross revenue	24,024,669	5,150,022	64,884,239	94,058,930	24,971,924	4,089,029	55,243,744	84,304,697
Intersegment sales	(612,115)	(1,381,461)	-	(1,993,576)	(527,375)	(1,447,142)	-	(1,974,517)
	23,412,554	3,768,561	64,884,239	92,065,354	24,444,549	2,641,887	55,243,744	82,330,180
Operating profit before depreciation & amortisation	573,569	92,324	1,589,557	2,255,450	738,289	79,793	1,656,797	2,474,879
Depreciation & amortisation	(111,912)	(18,014)	(310,146)	(440,071)	(95,320)	(10,302)	(213,907)	(319,529)
Net finance cost	(129,642)	(20,868)	(359,284)	(509,794)	(108,373)	(11,713)	(243,198)	(363,284)
Profit before tax	332,015	53,442	920,127	1,305,585	534,596	57,778	1,199,692	1,792,066
Income tax charge	(7,251)	(1,167)	(20,094)	(28,512)	(149,903)	(16,201)	(336,396)	(502,500)
Profit after tax	325,018	52,315	900,738	1,278,073	384,693	41,577	863,296	1,289,566

The CODM measures performance based on segment profit before income tax, as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments. Intersegment pricing is determined on an arm's length basis.

The measurement policies the Group uses for segment reporting are the same as those used in its financial statements. There have been no changes from prior years in the measurement methods used to determine reported segment profit or loss.

Revenue of approximately NGN59.4 billion are derived from five external customers (in 2014, approximately NGN57 billion were derived from three external customers). These revenues are attributable to the Trading segments.

There is no disclosure of assets and liabilities per business segment because the assets and liabilities of the Group are not directly related to a particular business segment.

The geographical location of the group operations is Nigeria, operations outside Nigeria are non-existent and do not constitute a segment.

Notes to the consolidated financial statements

1. General information

Eterna Plc (the Company) was incorporated in Nigeria as a private limited liability Company in 1989. In 1997, it became a public Company. The Company's shares which are currently quoted on the Nigerian Stock Exchange (NSE) were first listed in August 1998. The Company is domiciled in Nigeria and the address of its registered office is:

The principal activities of the companies in the Group are manufacturing and marketing of lubricating oils and petrochemicals, importation and sale of fuels through its retail outlets, gas, power, upstream supply and technical services for companies in the oil industry.

1.2 Composition of Financial statements

The financial statements are drawn up in Nigerian Naira, the functional currency of Eterna Plc in accordance with International Financial Reporting Standards (IFRS) accounting presentation.

The financial statements comprise:"

- Consolidated statement of profit and loss and other comprehensive income
- Consolidated statement of financial position
- Consolidated statement of changes in equity
- Consolidated statement of cash flows
- Notes to the financial statements

The Directors also provided the following additional statements in compliance with Companies and Allied Matters Act:

- Consolidated value added statement
- Consolidated five-year financial summary

1.3 Financial Period

These financial statements cover the period from 1 January 2015 to 31 December 2015 with comparative figures for the financial year from 1 January 2014 to 31 December 2014.

1.4 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting standards as issued by the International Accounting Standards Board (IASB) as adopted by the Financial Reporting Council of Nigeria (FRC). It has also been prepared in conformity with the Companies and Allied Matters Act, CAP C 20, LFN 2004 and the Financial Reporting Council Act, No 6 2011

1.5 Basis of consolidation

The consolidated financial statements of Eterna Plc and its subsidiaries have been prepared in accordance with International Financial Reporting Standards. The financial statements have been prepared under the historical cost convention except for certain financial instruments that are measured at fair value. The Financial statements have also been prepared on a going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

1.6 Composition of Group financial statements

The consolidated financial statements comprises the financial information of Eterna Plc ("the Company") and its subsidiaries - Eterna Industries Limited (EIL) and Eterna Marine Services Limited (EMSL).

The Company has 99.98% equity interest in Eterna Industries Limited, while it has 100% holdings in Eterna Marine and Services Limited. The financial statements of these entities have been consolidated into the Group financial statements. Where necessary, adjustments are made to the financial statement of the subsidiaries to bring the accounting policies used in line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.
Non-controlling interests in the net assets of a consolidated subsidiary are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests as at the date of the original business combination and the non-controlling interest's share of change in equity since the date of the combination.

Notes to the consolidated financial statements

2.0 Adoption of new and revised IFRS standards

2.1 Accounting standards and interpretations issued but not yet effective

The following revisions to accounting standards and pronouncements that are applicable to the Group were issued but are not yet effective. Where IFRSs and IFRIC Interpretations listed below permits, early adoption is permitted, however, the Group has elected not to apply them in the preparation of these financial statements. The Group plans to adopt the standard when it becomes effective.

The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the Group, but none of these pronouncements are expected to result in any material adjustments to the financial statements.

Pronouncement	**Nature of change**	**Required Implementation date**
IFRS 9 Financial Instrument	Revision to IFRS 9 basically addresses the recognition and measurement of financial assets which is required to be subsequently measured at amortized cost or fair value. Also, 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 this will lead to an accounting mismatch in profit or loss. In relation to the impairment of financial assets, the standard requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. With regards to hedge accounting, IFRS 9 introduces greater flexibility to the types of transactions eligible for hedge accounting.	Applicable to annual period beginning on or before I January 2018
IFRS 15 Revenue from contract with customer	IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts. It will supersede IAS 18, IAS 11 and related interpretations. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those good and services.	Applicable to annual period beginning on or before I January 2018
Amendment to IFRS 11 - Accounting for acquisition of interest in joint operations	The amendment to IFRS 11 provides guidance on how to account for the acquisition of joint operation that constitutes a business as defined in IFRS 3 (Business combinations).	Applicable to annual period beginning on or before I January 2016
Amendment to IAS 1 Disclosure initiative	The amendment to IAS 1 gives some guidance on how to apply the concept of materiality in practice	Applicable to annual period beginning on or before I January 2016
Amendment to IAS 16 and IAS 38 - clarification of acceptance method of depreciation and amortisation.	The amendment to IAS 16 prohibits entities from using a revenue based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of intangible assets	Applicable to annual period beginning on or before I January 2016
Amendment to IFRS 10 and IAS 28 - sale of contribution of assets between an investor and its associate or joint venture.	The amendment deals with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Gains and losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or joint venture that is accounted for using the equity method, are recognized in the parents profit or loss only to the extent of the unrelated investors interest in that associate or joint venture.	Applicable to annual period beginning on or before I January 2016

2.2 Accounting standards and interpretations issued that became effective during the year (2015)

In the current year, the Group considered a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatory effective for an accounting period that begins on or after 1 January 2015.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
The amendments to IAS 19 clarifies how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

The amendments require the Group to account for employee contributions as follows:

- Discretionary employee contributions are accounted for as reduction of the service cost upon payments to the plans.
- Employee contributions specified in the defined benefit plans are accounted for as reduction of the service cost, only if such contributions are linked to services. Specifically, when the amount of such contribution depends on the number of years of service, the reduction to service cost is made by attributing the contributions to periods of service in the same manner as the benefit attribution. On the other hand, when such contributions are determined based on a fixed percentage of salary (i.e. independent of the number of years of service), the Group recognises the reduction in the service cost in the period in which the related services are rendered.

The Group operates defined benefit plans, but only the Group contributes to the plan without any contribution from the employees. Therefore, the use of these amendments was not applicable to the Group as such had no impact on the disclosures or on the amounts recognised in the consolidated financial statements.

Annual Improvements to IFRSs 2010 - 2012 Cycle and 2011 – 2013 Cycle
The Group has applied the amendments to IFRSs included in the Annual Improvements to IFRSs 2010 - 2012 Cycle and 2011 – 2013 Cycle. One of the annual improvements requires entities to disclose judgements made by management in applying the aggregation criteria set out in paragraph 12 of IFRS 8 Operating Segments. The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The application of this amendments had no impact on the disclosures or amounts recognised in the Group's consolidated financial statements.

Notes to the consolidated financial statements

3.0 Summary of significant accounting policies

3.1 Introduction to summary of accounting policies

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

3.2 Consolidation

a) Subsidiaries

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary are the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

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

b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

c) Disposal of subsidiaries

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

Notes to the consolidated financial statements

3.2 Consolidation (cont'd)

d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

e) Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. Eterna plc has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

3.3 Foreign currency translation

a. Functional and presentation currency

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

b. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other (losses)/Gain - net'. Translation differences related to changes in amortised cost are recognised in statement of comprehensive income.

Notes to the consolidated financial statements

3.4 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of borrowings using the effective interest method.

Fees paid on 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 that there is no evidence that 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.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.
All other borrowing costs are expensed in the income statement.

3.5 Financial assets

The Group classifies its financial assets in the following category: loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

a. Cash and cash equivalents

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

b. Trade receivables

Trade receivables are amounts due from customers for lubricating oils, petrochemicals and fuel sold and technical services in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

"Trade receivables, loans and other receivables, which are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables. They are included in the current assets, except for maturities greater than 12 months after reporting date. The Company's loan and receivables comprise trade and other receivables in the financial statements.

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective rate method net of any impairment."

c. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Company's loans and receivables comprise of trade and other receivables and cash and cash equivalents

Notes to the consolidated financial statements

3.5 Financial Assets (cont'd)

d. Loans and receivables (cont'd)

a. **Initial measurement**
Loans and receivables are initially recognised at fair value plus transaction costs.

ii. Subsequent measurement
Loans and receivables are carried at amortised cost using the effective interest method less provision for impairment.

iv. Impairment
The Company assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of loans and receivables. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss within administrative costs. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative costs in the profit or loss.

The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement."

3.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

a) Sale of goods
The companies in the Group manufacture and sell lubricating oils and petrochemicals, and import and resell fuels through its retail outlets, gas, power, upstream supply and technical services for companies in the oil industry. Sales of goods are recognised when a Group entity has delivered products to the customer and when there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery does not occur until the products have been transferred to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all the criteria for the acceptance have been satisfied.

Revenue is primarily derived from the sale of the following products: Fuel, lubricants, gas, marine fuel and crude oil.

3.7 Inventory

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

Notes to the consolidated financial statements

3. 8 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Group are recorded as the proceeds received net of direct issue cost.

Financial liabilities are classified as follows:

a. Fair value through profit or loss.
b. Derivative designated as hedging instruments in an effective hedge.
c. Financial liabilities measured at amortised cost as appropriate.

Financial liabilities include trade and other payables, accruals, most items of finance debt, bank overdraft and derivative financial instruments.

The Group determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification below:

For financial liabilities at fair value through profit or loss, derivatives, other than those designated as effective hedging and are included in this category. These liabilities are carried in the statement of financial position at fair value with gains or losses recognised in the income statement.

For financial liabilities measured at amortised cost, all other financial liabilities are initially recorded at fair value. For interest-bearing loans and borrowings, this is the fair value of the proceeds received net of issue cost associated with the borrowing.

After initial recognition, other financial liabilities are subsequently measured at amortised cost using effective interest method. Amortised cost is calculated by taking into account issue cost, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in the interest and other revenues and finance costs. This category of financial liabilities includes trade payables and finance debt.

3.9 Provisions

Provisions for environmental restoration (i.e. restoration and abandonment of petroleum storage facilities), restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.10 Environmental restoration

The Group makes provision for the future cost of decommissioning storage tanks on a discounted basis. These costs are expected to be incurred within 30 to 50 years. The provision has been estimated using existing technology at current prices, escalated at 10.3% (2014 – 10.3%) and discounted at 12.8% (2014 – 12.8%). The economic life and the timing of the asset retirement obligation are dependent on Government legislation, commodity price and the future production profiles of the project. In addition, the estimated cash outflows are subject to inflationary and/or deflationary pressures.

A corresponding item of property, plant and equipment of an amount equivalent to the provision is also recognised. This is subsequently depreciated as part of the asset. Other than the unwinding discount on the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding item of property, plant and equipment.

Notes to the consolidated financial statements

3.11 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Costs includes expenditure that are directly attributable to the acquisition of the fixed assets. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items of fixed assets. Costs relating to fixed assets under construction or in the process of installation are disclosed as Capital Work in Progress. The cost attributable to each asset is transferred to the relevant category immediately the asset is available for use.

Gains and losses on disposal of fixed assets are included in the profit and loss account.

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

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

Asset category	Depreciation rate (years)
Freehold land	nil
Leasehold Land and Building	5-20
Plant and machinery:	10 -50
Office equipment	5 - 10
Buildings	20
Motor Vehicles	5
Furniture and fittings	5 - 10
Capital work in progress	nil

Depreciation is not calculated on fixed assets until they are available for use and is included in the statement of comprehensive income.

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

3.12 Impairment of long lived assets

The recoverable amounts of intangible assets and property, plant and equipment are tested for impairment as soon as any indication of impairment exists. This test is performed at least annually. The recoverable amount is the higher of the fair value (less costs to sell) or its value in use.

Assets are grouped into cash-generating units (or CGUs) and tested. A cash-generating unit is a homogeneous group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. The value in use of a CGU is determined by reference to the discounted expected future cash flows, based upon the management's expectation of future economic and operating conditions.

If this value is less than the carrying amount, an impairment loss on property, plant and equipment, or on other intangible assets, is recognized either in "Depreciation of property, plant and equipment, or in "Other expense", respectively. Impairment losses recognized in prior periods can be reversed up to the original carrying amount, had the impairment loss not been recognized.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase

Notes to the consolidated financial statements

3.13 Income taxation

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company and its subsidiary operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

3.14 Impairment of assets with an indefinite useful life

Assets that have an indefinite useful life – for example, intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.15 Employee benefits

Defined contribution scheme

(a) Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

The Group maintains a defined contribution pension scheme in accordance with the Pension Reform Act, 2014 (Amended). The contribution by the employer and employee is 15% each of the Employees' monthly basic salary, transport and housing allowances respectively.
For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available."

3.15 Employee benefits (cont'd)

Defined benefit scheme

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation**.** The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise."

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. Past-service costs are recognised immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

3.16 Accounting for leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Leasee

The Group leases certain land and buildings. Leases of land and buildings where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Lessor

The Group leases out certain fuel filling stations. Leases of these filling stations by the lessee are classified as operating leases. Payment under the operating leases are recognised under other income on a straight-line basis over the period of the lease.

3.17 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

3.18 Interest Income

Interest income is recognized using the effective interest method. Interest income is accrued on short term investments based on contractual investment period.

Notes to the consolidated financial statements

3.19 Compound financial instruments

Compound financial instrument is an instrument that contains elements of both liability and equity in a single contract. In some instances, the instrument comprise an embedded derivative.

An embedded derivative is a component of a compound instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the compound instrument vary in a way similar to a stand-alone derivative.

Compound financial instruments issued by the Group comprise bonds with convertible options that can be converted to share capital at the option of the holder, and the number of shares to be issued varies with changes to in their fair value and other variables. The non-derivative host contract is the bond while the option granted to the holders is a standalone derivative.

Upon issue, it is determined whether the options granted are a financial liability or an equity instrument. The instrument is an equity instrument if, and only if, it is a derivative that will be settled by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments, otherwise it is a liability.

The option liability component of a compound instrument is recognized initially at the fair value of option on grant date. The bond liability component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the option liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion of their initial carrying amounts.

Subsequent to initial recognition, the bond liability component of the compound financial instrument is measured at amortised cost using the effective interest rate method. The option liability component of a compound financial instrument is re-measured at fair value subsequent to initial recognition at the end of every reporting period. The fair value gains or losses are recognized through profit and loss.

The financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the current reporting period.

3.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management team that makes strategic decisions.

In accordance with IFRS 8, the Group has the following business segments:

Segment	Description
Retail and marketing	This segment derives revenue from the sale and distribution of petroleum products (white products and lubricants) in retail outlets and small units and to industrial customers across Nigeria.
Lubricants and chemicals	This segment involves the manufacture and distribution of lubricants and chemicals to marine and energy customers across Nigeria.
Trading	This segment represents the bulk importation and sales of fuels (PMS, AGO, DPK), Baseoils, Bitumen, Low pour fuel oil. It also involves lifting and sales of crude oil.

Notes to the consolidated financial statements

4.0 Critical accounting judgement and key sources of estimating uncertainty

In the application of the Group's accounting policies, which are described in Note 3, The Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimated underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are revised and the revision affects only that year or in the year of the revision and the future years if the revision affects both current and future years.

4.1 Critical judgement in applying accounting policies

The following are the critical judgements, apart from those involving estimation (which are dealt with separately below) that the Directors have made in the process of applying the Group's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

4.1.1 Revenue recognition

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 Revenue and, in particular, whether the entity had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the entity’s liability in respect of rectification work, and the agreed limitation on the customer’s ability to require further work or to require replacement of the goods, the directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with recognition of an appropriate provision for the rectification costs

4.1.2 Provision for decommissioning and restoration costs

Management of the Group exercises significant judgement in estimating provisions for restoration costs. Should these estimates vary, profit or loss and statement of financial position in the following years would be significantly impacted

4.2 Key sources of estimating uncertainty

The key assumptions concerning the future and other key sources of estimating 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 discussed below:

4.2.1 Recoverability of assets carrying amount

The Group assesses its property plant and equipment for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least at every reporting date. Such indicators include changes in the, Group’s business plans, changes in commodity prices, evidence of physical damage and, for oil and gas properties, significant downward revisions of estimated recoverable volumes or increases in estimated future development expenditure.

The assessment for impairment entails comparing the carrying value of the cash-generating unit with its recoverable amount, that is, value in use. Value in use is usually determined on the basis of discounted estimated future net cash flows. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates, production profiles and the outlook for regional market supply-and-demand conditions for crude oil, natural gas and refined products.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Such estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes to the consolidated financial statements

4.2.2 Income taxes

The Group is subject to income taxes only within the Nigerian tax authority which does not require much judgement in terms of provision for income taxes but a certain level of judgement is required for recognition of the deferred tax assets. Management is required to assess the ability of the Company to generate future taxable economic earnings that will be utilised for all deferred tax assets. The future cash flows are used by management to assess whether the Group will be able to generate enough future cash flows as part of the management assumptions. The estimates are based on the future cash flow from operations taking into consideration the oil and gas prices, volumes produced, operational and capital expenditure.

4.2.3 Provision for obsolete inventory

The Group reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is any future saleability of the product and the net realizable value for such product. Accordingly, provision for impairment, if any, is made where the net realizable value is less than cost based on best estimates by the management.

4.2.4 Useful life of property, plant and equipment

The Group exercises judgment in determining the expected useful lives of items of property, plant and equipment. Factors such as prevailing physical condition of the assets, technological expectations and historical experience with the assets (or similar assets) are assessed at least annually. Changes to these estimates may have significant impact on future results because changes in accounting estimates are accounted for on a prospective basis, through depreciation and amortization expense.

4.2.5 Control over subsidiaries

The Group has 99.98% and 100% ownership interest and voting rights in Eterna Industry Limited and Eterna Marine Services Limited respectively.

The Directors assessed whether or not the Group has control over Eterna Industries Limited and Eterna Marine Services Limited based on whether the Group has the practical ability to direct the relevant activities of Eterna Industry Limited and Eterna Marine Services Limited unilaterally. In making their judgement, the Directors considered the Group's absolute size of holding in Eterna Industry Limited and Eterna Marine Services Limited and the relative size of and dispersion of the shareholdings owned by other shareholder. After assessment, the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Eterna Industries Limited and Eterna Marine Services Limited and therefore the Group has control over the two subsidiaries

4.2.6 Fair value hierarchy

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4.2.7 Valuation of financial liabilities

Financial liabilities have been measured at amortised cost. The effective interest rate used in determining the amortised cost of the individual liability amounts has been estimated using the contractual cash flows on the loans. IAS 39 requires the use of the expected cash flows but also allows for the use of contractual cash flows in instances where the expected cash flows cannot be reliably determined. However, the effective interest rate has been determined to be the rate that effectively discounts all the future contractual cash flows on the loans including processing, management fees and other fees that are incidental to the different loan transactions.

Notes to the consolidated financial statements

4.2.8 Recoverability of financial asset

The Group reviews all financial assets at least annually and when there is any indication that the asset might be impaired. The Group has estimated the recoverable amount using the models that require assumptions about future cash flows, cash flow dates and discount rates.

Specifically for trade receivables, the balance of the impairment loss recognised as at 31 December 2015 is ₦1,061million (2014: ₦885 million) on the Group's trade and other receivables. The assessment was carried out by management to determine the recoverability of past due receivable balances in the books. Recoverable amount has been determined based on the net present value of the estimated future cash flows using the appropriate risk adjusted discount rate. The key assumptions include the followings:

Parameters	**2015 (%)**	**2014 (%)**
Weighted average probability of default	13.50%	19.2%
Recoverable amount (as a percentage of total receivables)	86.50%	80.83%

An increase/decrease in the weighted average probability of default by 10%, all other factors remaining constant, will lead to a 1.35% (2014: 1.92%) increase/decrease in impairment provision for the year.

An increase/decrease in recoverable amount by 10%, all other factors remaining constant, will lead to an 8.65% (2014: 8.08%) increase/decrease in impairment provision for the year.

4.2.9 Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions.

The Group uses the Binomial option pricing model in the independent valuation of the derivative contract. The model uses an iterative procedure, allowing for the specification of nodes, or points in time, during the time span between the valuation date and the option's expiration date. The stock price is assumed to follow a multiplicative binomial process over discrete periods. The rate of return on the stock over each period can have two possible values, up values and down values. Each column of the nodes represents each reset date.

Notes to the consolidated financial statements

5.0 Financial risk management

The Group's activities expose it to a variety of financial risks such as market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the treasury department under policies approved by the board of directors. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(a) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by ensuring that sufficient funds are available to meet its commitments as they fall due.

The Group uses both long term and short term cash flow projections to monitor funding requirements for activities and to ensure there are sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits on any of its borrowing facilities. Cash flow projections take into consideration the Group’s debt financing plans, covenant compliance and internal balance sheet ratio targets.

The following table details the Group’s remaining contractual maturity for its non-derivative financial liabilities with agreed maturity periods. The table has been drawn based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay.

Group	Due within one year	1 - 2 years	2 - 3 years	3 - 5 years	Above 5 years
December 31, 2015					
Borrowings	4,391,529	119,382	32,867	-	-
Trade payables	12,584,144	-	-	-	-
Bank overdrafts	121,289	-	-	-	-
December 31, 2014					
Borrowings	1,157,433	283,882	119,382	59,691	-
Trade payables	6,023,107	-	-	-	-
Bank overdrafts	532,678	-	-	-	-

Company	Due within one year	1 - 2 years	2 - 3 years	3 - 5 years	3 - 5 years
December 31, 2015					
Borrowings	4,391,529	119,382	32,867	-	-
Trade payables	12,524,638	-	-	-	-
Bank overdrafts	121,289	-	-	-	-
December 31, 2014					
Borrowings	1,157,433	283,882	119,382	59,691	-
Trade payables	6,127,093	-	-	-	-
Bank overdrafts	532,678	-	-	-	-

Notes to the consolidated financial statements

5.0 Financial risk management (cont'd)

The table below details unutilised credit facilities available to the Group, as at 31st December, 2015

Description	Amount	Duration	Interest rate
Multiple credit facility	USD 220 million	25 Sept 2015 to 25 Sept 2016	Libor + 7%

The carrying amount of the borrowings approximates the fair value of the loan as the Group's credit spread has remained the same throughout the period.

(**b) Market risk**
(i) Price risk
The Group has limited exposure to commodity price risk as the Group's transactions are mostly Naira denominated. The Group is also not exposed to any equity price risks.

(ii) Interest rate risk
The Group's interest rate risk arises from long-term borrowings. The borrowings are issued at a fixed rate and expose the Group to fair value interest rate risk. During the current period, the Group had borrowings denominated in Naira only.

An increase/decrease in the interest rate by 10%, all other factors remaining constant, will lead to a 1% (2014: 1%) increase/decrease in the value of borrowings for the year.

(iii) Foreign exchange risk
The Group has no more exposure to foreign currency exchange risk arising from the Japanese Yen denominated loan as the loan was fully settled in 2015. Exposure may arise from the fluctuations of Naira against United States Dollars (USD). However, the analysis below shows that it is insignificant.

In December 2015, if the currency had weakened/strengthened by 10% against the United states Dollars (USD) with other variables constant, post tax profit for the year would have been N3.6m (2014:N48.6m) lower/higher, mainly as a result of foreign exchange gains/losses on translation of the USD denominated transactions. Similarly, the impact on equity would have been N3.60m (2014:N48.6m) higher/lower.

(c) Credit risk
Credit risk arises from cash and cash equivalents, deposits with banks and accounts receivable.

The credit risk on cash is limited because the majority of deposits are with banks which have stable credit ratings assigned by international credit agencies. The Group's maximum exposure to credit risk due to default of the counter party is equal to the carrying value of its financial assets.

The Group assesses the credit quality of the customers by taking into account the financial position, past experience and other factors related to that particular customer. Customer limits are set on each individual client based on past performance and sales are settled using cash. No credit limits were exceeded during the reporting period.

Notes to the consolidated financial statements

5.0 Financial risk management (cont'd)

The analysis of the Group's trade and other receivables by performance is as follows:

	31 December 2015 N'000	31 December 2014 N'000
Neither past due nor impaired	7,097,697	3,535,451
Past due but not impaired	4,479,388	1,819,019
Impaired	1,060,844	885,258
	12,637,929	6,239,728

The maturity analysis of past due but not impaired trade and other receivables is as follows:

	31 December 2015	31 December 2014
Past due but not impaired:		
- by up to 90 days	305,222	168,157
- by 90 to 180 days	2,240,523	72,067
- later than 180 days	1,933,643	1,578,795
Total past due but not impaired	4,479,388	1,819,019

5.01 Capital management

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

The Group monitors capital on the basis of net debt ratio, that is, the ratio of net debt to net debt plus equity. Net debt is calculated as gross debt as shown in the balance sheet, less cash and cash equivalents.

The Group's strategy which was considered since 2013 was to maintain a net debt ratio of below or within 20% to 30%. The net debt ratio as at 31st December 2015 and 31st December 2014 are as follows:

	31 December 2015	31 December 2014
Borrowings (Note 21)	4,665,067	2,153,068
Less: Cash and bank balances (Note 20)	(1,848,449)	(2,672,978)
	2,816,618	(519,910)
Equity	9,684,179	8,420,043
Net debt ratio	23%	(7%)

Notes to the consolidated financial statements

5.02 Financial instruments and fair values

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of income or other comprehensive income. Those categories are: loans and receivables; and for liabilities, fair value through profit or loss and amortized cost.
The financial instruments in the table below are grouped into level 1 to 3 based on the degree to which the inputs used to calculate the fair value are observable. The fair value hierarchy are explained below:

Level One fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities that the Group can assess at the measurement date.

Level Two fair value measurements are those derived from inputs other than quoted prices included in level 1 that are observable either for the asset or liability either directly (i.e. derived from prices).

Level Three fair value measurements are those derived from inputs for the assets or liability that are not based on observable market data.

The following table shows the carrying values and fair values of the Group's assets and liabilities for each of these categories at December 31, 2014 and 2015.

	Carrying Amount			Fair Value	
	31 December 2015	31 December 2014	Level	31 December 2015	31 December 2014
Assets					
Loans and receivables:					
Cash and bank balances	1,848,449	2,672,978	2	1,848,449	2,672,978
Trade and other receivables	18,604,499	6,143,632	2	18,604,499	6,143,632
	20,452,948	**8,816,610**		**20,452,948**	**8,816,610**
Liabilities					
Amortized cost:					
Trade and other payables	12,584,144	6,023,108	2	12,600,118	6,023,108
Borrowings	4,543,778	1,620,389	2	4,543,778	1,620,389
Bank overdrafts	121,289	532,678	2	121,289	532,678
	17,249,211	**8,176,175**		**17,265,185**	**8,176,175**
Fair value through profit and loss:					
Derivative liability	**204,662**	**362,520**	1	**204,662**	**362,520**

6 Revenue

	Group 2015	Group 2014	Company 2015	Company 2014
Trading	64,884,239	55,243,744	64,884,239	55,229,899
Fuel	21,140,903	24,148,672	21,148,108	24,161,629
Lubricants	3,768,561	2,641,887	3,761,285	2,630,294
Others	2,271,651	295,877	2,875,606	810,295
	92,065,354	82,330,180	92,669,238	82,832,117

Included in the prior year revenue balance is an amount of N388 million previously classified as other income in 2014. The Company served as an agent in some trade related transactions in 2014 and the margin in prior year were classified as other income which has now been reclassified to revenue in accordance with IAS 18 and adjusted in the books retrospectively in accordance with IAS 8. In current year, the Company serves as the principal in such transactions and appropriate revenue and cost are recorded within the income statement.

Notes to the consolidated financial statements

	Group 2015	Group 2014	Company 2015	Company 2014
7 Expenses by nature				
Cost of sales				
Material cost	88,566,387	78,520,141	89,316,852	79,139,792
Delivery cost	418,668	405,664	418,668	405,664
	88,985,055	78,925,805	89,735,520	79,545,456
Selling and Distribution expenses				
Marketing and sales commission	5,291	7,713	5,291	7,713
Sampling and analysis	3,222	14,820	2,332	10,776
	8,513	22,533	7,623	18,489
General and Administration expenses				
Staff costs	574,342	523,603	539,761	506,040
Depreciation	325,189	272,445	293,901	246,961
Provision for receivables impairment	175,586	29,392	175,586	29,392
Legal and Professional fees	173,601	53,646	163,206	56,129
Amortisation on Prepayments	114,882	46,103	114,882	46,103
Marketing, gifts and donations	79,863	93,800	79,549	93,800
Other expenses	70,467	48,230	68,872	39,496
Repairs and Maintenance	69,103	85,409	58,219	62,675
Rent, Travelling & Entertainment expenses	68,120	118,011	64,841	116,586
Insurance, medical and security expenses	62,038	32,704	61,104	32,698
Stationery and communication	34,013	43,637	30,183	42,483
Pension costs	30,262	26,007	28,229	26,007
License fees	28,529	8,281	24,971	4,987
Directors remuneration	24,774	5,381	24,774	5,381
Auditors' remuneration	19,500	15,636	13,500	9,545
Bad Debt Written off	11,495	51,545	11,495	51,545
Amortisation of Intangible assets	3,398	980	3,398	980
Gain on disposal of property, plant and equipment	16	-	-	-
Total cost of sales, distribution costs and administrative expenses	1,865,178	1,454,810	1,756,471	1,370,808
Expenses by function				
Cost of sales	88,985,055	78,925,805	89,735,520	79,545,456
Selling and Distribution expenses	8,513	22,533	7,623	18,489
General and Administration expenses	1,865,178	1,454,810	1,756,471	1,370,808
	90,858,746	80,403,148	91,499,614	80,934,753

Notes to the consolidated financial statements

8 Employees' remuneration and numbers

	2015	2014	2015	2014
	Number	**Number**	**Number**	**Number**
Administration	19	16	17	16
Operations	24	23	18	16
Sales and marketing	12	13	12	13
	55	52	47	45
Senior Management	4	4	4	4
Management	5	5	4	4
Senior staff	46	43	39	37
	55	52	47	45

The number of employees, other than directors, who earned over N3, 000,000 in the year:

	2015	2014	2015	2014
	Number	**Number**	**Number**	**Number**
N3,000,001 - N4,000,000	7	8	8	8
N4,000,001 - N5,000,000	25	24	24	24
Above 5,000,000	23	20	15	15
	55	52	47	47

The total employee benefits expense in the year comprise the following:

	2015	2014	2015	2014
	N’000	**N’000**	**N’000**	**N’000**
Salaries and wages	425,443	400,489	393,342	383,937
Other employee costs and benefits	124,123	99,292	121,643	98,281
Retirement benefits costs	24,776	23,822	24,776	23,822
	574,342	523,603	539,761	506,040

9 Directors' remuneration

	2015	2014	2015	2014
	N'000	**N'000**	**N'000**	**N'000**
Fees for services as a director	22,100	3,000	22,100	3,000
Other emoluments as management	33,707	33,707	33,707	33,707
	55,807	36,707	55,807	36,707
The emoluments of the chairman of the board (excluding pension contributions)	-	-	-	-
The emoluments of the highest paid director	33,707	33,707	33,707	33,707

The table below shows the numbers of directors of the company whose remuneration excluding pension contributions fell within the bands stated.

	Number 2015	Number 2014	Number 2015	Number 2014
Less than N500,001	-	1	-	1
N500,001 - N3,000,000	3	3	3	3
N8,000,001 - N12,000,000	-	-	-	-
More than N12,000,000	1	1	1	1
	4	5	4	5

Notes to the consolidated financial statements

10 Other income	Number 2015	Number 2014	Number 2015	Number 2014
Provision no longer required	80,359	2,564	80,359	2,564
Other income	73,649	58,402	73,631	58,397
Depot storage income	70,261	18,696	70,261	18,696
Rent income	14,062	21,475	14,062	21,480
Blending Income	1,126	1,251	-	-
	239,457	102,388	238,313	101,137

Included in the other income balance is NGN68.6 million (2014: NGN34.4 million) write back from accounts payables reconciliation.

Provision no longer required relates to NGN80.4million write back on the overprovision of interest payable on Daewoo securities. The Daewoo securities loan was fully repaid in 2015 (See notes 21).

11 Finance income	2015	2014	2015	2014
Interest income on short-term bank deposits	22,228	23,433	22,228	23,433
	22,228	23,433	22,228	23,433

12 Finance cost	Group 2015	Group 2014	Company 2015	Company 2014
Interest expense	139,126	73,802	139,126	73,802
Interest on long term financing	310,767	295,949	310,767	295,949
Other bank charges	70,458	1,680	70,458	1,680
Interest cost on employee benefits	5,723	10,118	5,723	10,118
Accretion charge	5,948	5,168	5,164	4,493
	532,022	386,717	531,238	386,042
Annual Derivative Valuation (see note 21)	157,858	72,480	157,858	72,480
	157,858	72,480	157,858	72,480

Notes to the consolidated financial statements

13 Taxation	2015	2014	2015	2014
Current taxes on income for the year	173,092	202,455	162,810	195,732
Education tax levy for the year	34,030	40,531	32,562	39,186
Tax write - back	(404,477)	-	(404,477)	-
Deferred tax for the year	225,867	259,514	214,462	268,105
Total tax expense	28,512	502,500	5,357	503,023

	Group			
Reconciliation of effective tax rate	2015		2014	
Profit before income tax		1,306,585		1,792,066
Income tax using the domestic corporation tax rate	30%	391,976	30%	537,620
Disallowed expenses	12%	155,308	0%	3,305
Non- taxable income	(4%)	(48,572)	(18%)	(330,251)
Education tax levy	3%	34,030	2%	40,531
Capital allowances	(25%)	(325,620)	0%	(8,219)
Minimum Tax Effect	0%	-	0%	-
Temporary difference Effect	17%	225,867	14%	259,514
(Over) / under provided in prior years	(31%)	(404,477)	0%	-
Total income tax expense in statement of comprehensive income	2%	28,512	28%	502,500

	Company			
Reconciliation of effective tax rate		2015		2014
Profit before income tax		1,269,241		1,761,821
Income tax using the domestic corporation tax rate	30%	380,772	30%	528,546
Disallowed expenses	12%	156,229	0%	5,882
Non- taxable income	(4%)	(48,572)	(19%)	(330,477)
Education tax levy	3%	32,562	2%	39,186
Capital allowances	(26%)	(325,619)	0%	(8,219)
Minimum Tax Effect	0%	-	0%	-
Temporary difference Effect	17%	214,462	15%	268,105
(Over) / under provided in prior years	-32%	(404,477)	0%	-
	0%	5,357	29%	503,023

	Group		Company	
	2015	2014	2015	2014
Opening balance	926,050	867,104	757,335	706,457
Tax paid	(180,585)	(184,040)	(180,585)	(184,040)
Tax write back	(404,477)	-	(404,477)	-
WHT utilised	(75,063)	-	(75,063)	-
Income tax charge	207,122	242,986	195,372	234,918
Closing balance	473,047	926,050	292,582	757,335
Current	473,047	926,050	292,582	757,335
Non-current	-	-	-	-
	473,047	926,050	292,582	757,335

The tax write-back arose from the final audit carried out by the tax authority for 2009-2013 year of assessment.

Corporation tax is calculated at 30 percent of the taxable profit for the year. The charge for taxation on these financial statements is based on the provisions of the Companies Income Tax Act CAP C21 LFN 2004. The Tertiary Education tax of 2 per cent is based on the provisions of the Tertiary Education Trust Fund Act 2011.

Notes to the consolidated financial statements

14 Property, plant and equipment and intangible assets

Group

	Property Plant and Equipment							Intangible Assets	
Naira	**Capital Work-In-Progress N'000**	**Land and Buildings N'000**	**Office Equipment N'000**	**Furniture & Fittings N'000**	**Motor Vehicles N'000**	**Plant and Machinery N'000**	**Total PPE N'000**	**Computer Software**	**Total Intangible Assets**
Cost									
At 1 January 2014	328,659	1,018,769	149,483	89,188	129,985	5,830,462	**7,546,546**	8,193	**8,193**
Additions in the year	18,249	36,950	19,511	9,157	44,947	62,347	**191,161**	4,714	**4,714**
Reclassifications/Transfers	(20,544)	(41,756)	-	-	-	20,544	**(41,756)**	-	**-**
At 31 December 2014	**326,364**	**1,013,963**	**168,994**	**98,345**	**174,932**	**5,913,353**	**7,695,951**	12,907	**12,907**
Additions in the year	62,093	8,745	8,672	10,587	10,751	33,707	**134,555**	506	**506**
Reclassifications	(16,541)	25,660	(29,571)	(55,818)	(8,016)	80,224	**(4,062)**	4,063	**4,063**
Asset Written off	-	(586)	-	-	-	-	**(586)**	(47)	**(47)**
Asset Disposed	-	-	(120)	-	-	-	**(120)**	-	**-**
At 31 December 2015	371,916	1,047,782	147,975	53,114	177,667	6,027,284	**`7,825,738**	17,429	**17,429**
Accumulated Depreciation, Amortisation and Impairment									
At 1 January 2014	-	(63,752)	(80,562)	(68,426)	(40,547)	(1,111,295)	**(1,364,582)**	(1,353)	**(1,353)**
Charge for the year	-	(25,667)	(12,752)	(3,765)	(25,385)	(204,877)	**(272,446)**	(980)	**(980)**
Reclassifications	-	-	-	-	-	-	**-**	-	**-**
At 31 December 2014	**-**	**(89,419)**	**(93,314)**	**(72,191)**	**(65,932)**	**(1,316,172)**	**(1,637,028)**	(2,333)	**(2,333)**
Charge for the year	-	(28,408)	(19,537)	(9,834)	(33,309)	(234,102)	**(325,190)**	(3,398)	**(3,398)**
Reclassifications	-	(7,939)	25,908	52,946	1,712	(68,414)	**4,213**	(4,213)	**(4,213)**
Disposals	-	-	104	-	-	-	**104**	-	**-**
At 31 December 2015	-	(125,766)	(86,839)	(29,079)	(97,529)	(1,618,688)	**(1,957,901)**	(9,944)	**(9,944)**
Net Book Value									
At 31 December 2014	326,364	924,544	75,680	26,154	109,000	4,597,181	**6,058,923**	10,574	**10,574**
At 31 December 2015	371,916	922,016	61,136	24,035	80,138	4,408,596	**5,867,838**	7,485	**7,485**

Notes to the consolidated financial statements

14 Property, plant and equipment and intangible assets (cont'd)

Company

	Property Plant and Equipment							Intangibles	
Naira	Capital Work-In-Progress **N'000**	Land and Buildings **N'000**	Office Equipment **N'000**	Furniture & Fittings **N'000**	Motor Vehicles **N'000**	Plant and Machinery **N'000**	**Total PPE N'000**	Computer Software **N'000**	**Total Intangible Assets N'000**
Cost									
At 1 January 2014	308,115	908,952	77,436	83,336	112,434	5,672,361	**7,162,634**	8,193	**8,193**
Additions in the year	9,481	36,950	19,156	6,250	44,947	58,319	**175,103**	4,714	**4,714**
Reclassifications/Transfers	-	(42,662)	-	-	-	-	**(42,662)**	-	**-**
At 31 December 2014	317,596	903,240	96,592	89,586	157,381	5,730,680	**7,295,075**	12,907	**12,907**
Additions in the year	54,320	6,462	7,651	10,375	10,751	18,066	**107,625**	506	**506**
Reclassifications		11,019	(31,471)	(55,818)	(8,016)	80,224	**(4,062)**	4,063	**4,063**
Asset Written off						(5,450)	**(5,450)**	-	**-**
Asset Written off		(586)					**(586)**	(47)	**(47)**
At 31 December 2015	371,916	920,135	72,772	44,143	160,116	5,823,520	**7,392,602**	17,429	**17,429**
Accumulated Depreciation, Amortisation and Impairment									
At 1 January 2014	-	(47,137)	(41,505)	(64,836)	(32,986)	(1,035,450)	**(1,221,914)**	(1,353)	**(1,353)**
Charge for the year	-	(23,433)	(8,872)	(3,099)	(22,505)	(189,051)	**(246,960)**	(980)	**(980)**
Reclassifications	-	-	-	-	-	-	**-**	-	**-**
At 31 December 2014	-	(70,570)	(50,377)	(67,935)	(55,491)	(1,224,501)	**(1,468,874)**	(2,333)	**(2,333)**
Charge for the year	-	(26,151)	(14,812)	(8,457)	(30,429)	(214,053)	**(293,902)**	(3,397)	**(3,398)**
Reclassifications	-	(7,939)	25,908	52,946	1,712	(68,414)	**4,213**	(4,213)	**(4,213)**
At 31 December 2015	-	(104,660)	(39,281)	(23,446)	(84,208)	(1,506,968)	**(1,758,563)**	(9,943)	**(9,944)**
Net Book Value									
At 31 December 2014	317,596	832,670	46,215	21,651	101,890	4,506,179	**5,826,201**	10,574	**10,574**
At 31 December 2015	371,916	815,475	33,491	20,697	75,908	4,316,552	**5,634,039**	7,486	**7,485**

Notes to the consolidated financial statements

14 Property, plant and equipment and intangible assets (cont'd)

1. Capital WIP – Assets categorized as Capital Work-In-Progress are the cost of building plans, survey, and cost of processing land documentation for the proposed Calabar station and storage tank farms.

2. Assets pledged as security – The assets pledged as security in relation to loans held by the Company are primarily the storage tank farms held by the Company in Ibru Jetty, Ibafon, Apapa

3. Reclassification – These represents changes in the assets class done in the year following a review of the Company's fixed asset position. The cost and accumulated depreciation for such assets were duly reclassified to appropriate classes.

4. Write off – Following the review of the Company's fixed Asset position at year end, assets which do not meet the capitalisation policy of the company were written off."

15 Prepayments

	Group		Company	
	31 Dec 2015	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Prepaid rent	264,286	176,306	264,286	176,306
Additions	251,504	134,083	251,504	134,083
Amortisation	(114,882)	(46,103)	(114,882)	(46,103)
	400,908	**264,286**	**400,908**	**264,286**
Current portion of prepaid rent	(114,882)	(46,066)	(114,882)	(46,066)
Non-current portion of prepaid rent	286,026	218,220	286,026	218,220
Other short term prepayment	76,446	52,152	76,417	52,152
Current portion of long term prepayments	114,882	46,066	114,882	46,066
	191,328	98,218	191,299	98,218

16 Investments

	Company	
	31 Dec 2015	**31 Dec 2014**
Investment in subsidiaries is made up of:		
99.98% in Eterna Industries Limited	49,990	49,990
100% in Eterna Marine and Services Limited	1,000	1,000
	50,990	50,990

These investments are ultimately consolidated at group level.

	Group		Company	
	31 Dec 2015	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Other Investments				
JUHI 2 Limited	235,000	165,000	235,000	165,000
Other Investment	9,500		9,500	
	244,500	165,000	244,500	165,000

Investment in JUHI 2 Limited represent the equity contribution on the aviation tank farm development project (Joint User Hydrant Installation II). This is a joint venture arrangement, accounted for using the equity method.

As at 31st December 2015, the project is still under construction and the joint venture is yet to commence operation.

17 Deferred Income Tax

	Group		Company	
	31 Dec 2015	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
The analysis of deferred tax liabilities is as follows:				
Deferred tax Liabilities				
Deferred tax liabilities to be recovered after more than 12 months	822,071	602,178	770,478	561,990
Deferred tax liabilities to be recovered within 12 months	-	-	-	-
	822,071	602,178	770,478	561,990
Net deferred tax liability/(asset)	822,071	602,178	770,478	561,990

Notes to the consolidated financial statements

17 Deferred Income Tax

	Group					
Deferred tax liabilities	**Trade and other Receivables**	**Borrowings**	**Property, Plant & Equipment**	**Other Provisions**	**Employee Benefits**	**Total**
At 1 January 2014	(257,460)	31,777	582,628	(3,053)	(19,756)	334,136
Charged/(credited) to the income statement	(8,818)	37,779	237,122	(1,376)	(5,192)	259,515
Charged/(credited) to other comprehensive income	-	-	-	-	8,527	8,527
At 31 December 4	**(266,278)**	**69,556**	**819,750**	**(4,429)**	**(16,421)**	**602,178**
Charged/(credited) to the income statement	(51,906)	(69,556)	421,539	(70,636)	(3,574)	225,867
Charged/(credited) to other comprehensive income	-	-	-	-	(5,974)	(5,974)
At 31 December 15	**(318,184)**	**-**	**1,241,289**	**(75,065)**	**(25,969)**	**822,071**

	Company					
Deferred tax liabilities	**Trade and other receivables**	**Borrowings**	**Property, Plant & Equipment**	**Other Provisions**	**Employee Benefits**	**Total**
At 1 January 2014	(257,460)	31,777	533,394	(2,598)	(19,755)	285,358
Charged/(credited) to the income statement	(8,818)	37,779	245,684	(1,348)	(5,192)	268,105
Charged/(credited) to other comprehensive income					8,527	8,527
At 31 December 2014	(266,278)	69,556	779,078	(3,946)	(16,420)	561,990
Charged/(credited) to the income statement	(51,906)	(69,556)	408,930	(69,432)	(3,574)	214,462
Charged/(credited) to other comprehensive income					(5,974)	(5,974)
At 31 December 2015	**(318,184)**	**-**	**1,188,008**	**(73,378)**	**(25,968)**	**770,478**

18 Inventory

	Group		Company	
	31 Dec 2015	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Raw materials	281,585	236,865	-	-
Finished goods	1,233,699	2,962,485	1,217,501	2,905,174
	1,515,284	3,199,350	1,217,501	2,905,174

The inventory transferred by the Group to cost of sales for the period 2015 is 89.9 billion (2014: 69.3 billion).However, the Company transferred 88.5 billion (2014: 69.4 billion).

Inventory is carried at the lower of cost or net realisable value. Cost is determined using weighted average method. The cost of finished goods and work in progress comprises of raw materials, importation logistics cost, direct labour, other direct costs and other production overheads. It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

19 Trade and other receivables

	Group		Company	
	31 Dec 2015	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Trade receivables	10,900,267	4,487,131	10,610,787	4,410,794
Due from group companies (note 29)	-	-	53,246	53,246
Due from related parties (note 29)	242,610	240,000	242,610	240,000
Less: Provision for impairment of receivables	(1,060,844)	(885,258)	(1,060,614)	(885,028)
Trade receivables – net	10,082,033	3,841,873	9,846,029	3,819,012
Advances	6,168,723	83,316	6,166,863	65,240
WHT receivables	530,694	465,846	529,461	464,613
Petroleum subsidy fund	1,578,795	1,578,795	1,578,795	1,578,795
Bridging claims	116,278	120,602	116,278	120,602
Sundry debtors	42,589	53,200	42,589	53,200
Other receivables	85,387	-	85,405	-
	18,604,499	6,143,632	18,365,420	6,101,462

Third party trade receivable above are non-interest bearing and include amounts which are past due at reporting date but against which the group has not recognised allowance for doubtful receivable because there has not been a significant change in credit quality as the amounts are still considered recoverable. The group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the group to the counter party. The average age of these receivables is generally between 7 to 90 days (2014: 7 to 90 days)
Amount due from related parties are unsecured, non-interest bearing and repayable upon demand.

The Directors consider that the carrying amount of trade and other receivables is appropriately equal to their fair value.

Notes to the consolidated financial statements

19 Trade and other receivables (cont'd)

Receivables that are neither past due nor impaired
Receivables that are neither past due nor impaired are credit worthy debtors with good payment records with the Company. Significant number of receivables of the Company's trade receivables arises from regular customers of the Company and losses have occurred infrequently.

Receivables that are past due but not impaired
The management has a credit policy in place to monitor and minimise the exposure of default. The Company trades only with recognised and credit worthy third parties. Trade receivables are monitored on an ongoing basis.

Movements in allowance for doubtful debts
The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group		Company	
Movements on the provision for impairment for trade receivables are as follows:	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Opening balance	(885,258)	(858,430)	(885,028)	(858,200)
Provision for receivables impairment	(175,586)	(29,392)	(175,586)	(29,392)
Unused amounts reversed	-	2,564	-	2,564
Closing balance	**(1,060,844)**	**(885,258)**	**(1,060,614)**	**(885,028)**

Increase in provision for impaired receivables have been included in 'General and administrative expenses' and the release of impairment provisions is included in 'other income' in the income statement (note 10).

20 Cash and Cash Equivalents

	Group		Company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Cash and bank	1,848,449	2,672,978	1,848,448	2,672,975
Bank overdrafts	(121,289)	(532,678)	(121,289)	(532,678)
	1,727,160	2,140,300	1,727,159	2,140,297

Short term investment represents short term bank deposits. For the purpose of the statements of cash flows the cash and cash equivalent balance includes bank overdraft.

21 Borrowings

Current	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Opening balance	1,620,388	3,081,737	1,620,388	3,081,737
Additions	13,687,886	10,524,794	13,687,886	10,524,794
Interest on term loan	310,767	295,949	310,767	295,949
Interest on trading cost	132,857	119,066	132,857	119,066
Exchange loss on bond instrument	131,267	147,279	131,267	147,279
Write-back of excess provision	(80,359)	-	(80,359)	-
Repayment	(11,259,028)	(12,548,437)	(11,259,028)	(12,548,437)
	4,543,778	**1,620,388**	**4,543,778**	**1,620,388**
Bank overdraft	121,289	532,678	121,289	532,678
	4,665,067	**2,153,066**	**4,665,067**	**2,153,066**
Current	4,512,818	1,824,314	4,512,818	1,824,314
Non- current	152,249	328,754	152,249	328,754

Bank borrowings classified as current are denominated in Naira. This relates to various import finance facilities (IFF) and local purchase facilities (LPF) obtained from various banks at interest rates ranging from 18% to 21% per annum with repayment period ranging from 15 to 90 days. The facilities are secured by lien on the products for resale, the Group's Petroleum Storage Depot and Aviation Tank Farm.

The bond instrument of a JPY750,000,000 zero-coupon bonds issued by Eterna Plc to Daewoo Securities (Europe) Limited on 29 November 2009 had been fully paid in 2015.

The bond agreement also provides that Daewoo Securities (Europe) Limited has an option to subscribe in aggregate up to the Naira equivalent of JPY 750,000,000 in ordinary shares of Eterna Plc. This option is exercisable at any time between 24 November 2011 and 24 November 2029. As at 31 December 2015 this option had not been exercised by Daewoo Securities (Europe) Limited. As at 31 December 2015, the option (derivative liability) has been recognised at fair value of N204.66 million (2014: N362.52 million). The fair value of the option was determined using the Binomial option pricing model. The stock price is assumed to follow a multiplicative binomial process over discrete periods. The rate of return on the stock over each period can have two possible values, up values and down values. Each column of the nodes represents each reset date. Fair value changes (N157.86 million Gain, 2014: N72.48 million gain) arising on the option are recognised in the statement of comprehensive income.

Similarly, included in the current borrowings is the N1.5 billion facility obtained from the Sterling bank granted in June 2013 with an interest rate of 21% per annum (Interest rate was initially 18% but reviewed to 21% in March 2015). It is secured by a lien on the Group's Petroleum Storage Depot assets. The principal and interest are payable quarterly and is to be fully repaid in February 2016 (This facility was fully paid as at 28th February 2016).

Non-current borrowings represents a N500 million loan obtained from Bank of Industry in February 2013 with an interest rate of 7%, principal and interest are payable quarterly and is expected to be fully repaid by June 2018.
Also see note 5.0 (notes on IFRS 7) for information regarding unutilised facility available as at 31st December 2015.

Notes to the consolidated financial statements

22 Employee benefits

	Group		Company	
	31 Dec 2015	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Defined benefit obligations	86,561	40,196	86,561	40,196
Fair value of plan assets	-	-	-	-
Deficit of funded plans	86,561	40,196	86,561	40,196
Unrecognised (gains)/losses	-	-	-	-
Net liability recognised	86,561	40,196	86,561	40,196

The reconciliation of the defined benefit obligations as at 31st December 2015 is:

	31 Dec 2015	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Opening balance	40,196	66,413	40,196	66,413
Current service cost	24,776	13,704	24,776	13,704
Interest cost	5,723	10,118	5,723	10,118
Benefits paid	(4,048)	(21,615)	(4,048)	(21,615)
Actuarial gain	19,914	(28,424)	19,914	(28,424)
Net Liability Recognised	86,561	40,196	86,561	40,196

	31 Dec 2015	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Income statement charge for:				
Defined benefit obligation	30,499	23,822	30,499	23,822
Total amount recognised in the income statement	30,499	23,822	30,499	23,822
Actuarial gains (net of tax) recognised in the statement of other comprehensive income in the period	(13,940)	19,897	(13,940)	19,897
Cumulative actuarial gain (net of tax) recognised in the statement of other comprehensive income	(13,940)	19,897	(13,940)	19,897

Plan liability (Gratuity provision) for the current period is based upon independent actuarial valuation performed by Alexander Forbes Consulting Limited using the projected unit credit basis. This valuation was carried out as at 31 December 2015. The principal assumptions, i.e., discount rates, average rate of inflation, used for the purpose of arriving at the actuarial valuation were 13% and 5% per annum in 2014 While 16.2% and 14.98% per annum were used in 2015 respectively.

The sensitivity of the gratuity liability to changes in the weighted principal assumptions as at 31 December 2015, is analysed below:

Change in assumption	**Impact on gratuity liability**	
	2015	**2014**
Discount rate--Increase/decrease of 1.0%	Increase/decrease by N0.6m	Increase/decrease by N3.0m
Salary growth rate--Increase/decrease of 1.0%	Increase/decrease by N0.6m	Increase/decrease by N3.3m
Life expectancy--Increase/decrease of 1 year	Increase/decrease by N0.0m	Increase/decrease by N0.7m

23 Decommissioning Liability

	Group		Company	
	31 Dec 2015	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Balance as at 1 January	39,604	34,437	34,765	30,273
Additional obligations incurred	-	-	-	-
Changes in estimated cash flows	-	-	-	-
Accretion expenses	5,948	5,167	5,164	4,492
Balance at 31 December	45,552	39,604	39,929	34,765

The Company makes provision for the future cost of decommissioning storage tanks on a discounted basis. These costs are expected to be incurred 30 to 50 years. The provision has been estimated using existing technology at current prices, escalated between 10.3% - 11% (2014: 10.3%-11%) and discounted between the range of 12.8% - 16.2% (2014: 12.8% - 16.2%). The economic life and the timing of the asset retirement obligation are dependent on Government legislation, commodity price and the future production profiles of the project. In addition, the estimated cash outflows are subject to inflationary and/or deflationary pressures. No such assets were acquired in the year 2014 and 2015.

Notes to the consolidated financial statements

24 Trade and other payables

	Group		Company	
	31 Dec 2015	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Trade creditors	11,612,636	5,041,165	11,370,558	5,020,995
Tax related liabilities	3,523	6,046	(74,792)	-
Advance received	485,606	29,573	485,606	29,573
PSF Contribution	34,628	94,914	34,628	94,914
Accrued payables	132,958	418,386	118,211	266,765
Other payables	314,793	433,023	317,603	382,222
Due to Group Companies (note 29)		-	272,824	332,624
	12,584,144	6,023,107	12,524,638	6,127,093

Included in the Advance received are the customer deposits for white products and advance rent upfront received from tenants.

25 Share capital and share premium

	31 Dec 2015	31 Dec 2014
Authorised:	**N'000**	**N'000**
1,600,000 thousands Ordinary shares of 50k each	800,000	800,000
Issued and fully paid:		
1,304,145 thousand Ordinary shares of 50k each	652,072	652,072
Issued and fully allotted:		
1,304,145 thousand Ordinary shares of 50k each	652,072	652,072

Movements during the period:	**Number of shares (000)**	**Ordinary shares N'000**	**Share premium N'000**	**Total N'000**
At 1 January 2015	1,304,145	652,072	5,796,053	6,448,125
Capitalised during the period	-	-	-	-
Issue of new shares	-	-	-	-
At 31 December 2015	1,304,145	652,072	5,796,053	6,448,125

26 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	31 Dec 2015	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Profit for the year attributable to shareholders (in N'000)	1,278,073	1,289,565	1,263,884	1,258,798
Weighted average number of ordinary shares in issue (in thousand)	1,304,145	1,304,145	1,304,145	1,304,145
Basic earnings per share	0.98	0.99	0.97	0.97

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	31 Dec 2015	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Profit for the year attributable to shareholders (N'000)	1,278,073	1,289,565	1,263,884	1,258,798
Weighted average number of ordinary shares in issue (in thousand)	1,304,145	1,304,145	1,304,145	1,304,145
Adjustments for :				
- Share options	137,111	-	137,111	-
Weighted average number of ordinary shares for diluted earnings per share (thousands)	1,441,256	1,304,145	1,441,256	1,304,145
Basic earnings per share (in N'000)	0.89	0.99	0.88	0.97

Notes to the consolidated financial statements

27 Contingent liabilities

The Group is involved in few legal proceedings that arise in the ordinary course of its businesses as at 31 December 2015. In our opinion and based on the various responses received from our external Solicitors handling our law suits, there are no significant claims likely to crystalize from legal cases against the Company.

Litigations relating to petroleum subsidy are disclosed in the directors' report. The timing of potential cash flows associated with legal claims cannot be reasonably determined. The directors after taking legal advice are of the view that no significant liability will result at the conclusion of these matters.

28 Commitments

The group has no commitment as at 31st December 2015 (2014: N70 million, being cash call for equity contribution in Joint Hydrant User Installation II (JUHI II) paid in equal instalments from January 2015 to July 2015)

29 Related party transactions

Eterna Plc. is not wholly controlled by any individual/Company/entity, however Lenux Integrated Resources Limited held 19.14% of the shareholding of Eterna plc and is represented by 3 directors out of the 5 directors on the board.

The Company has two subsidiaries: Eterna Marine Services Limited and Eterna Industries Limited. The Company carried out some transactions with its subsidiaries during the year under review.

The balances due from/ (due to) these companies and the nature of the business relationships involved are as follows:

	Relationship	31 Dec 2015	31 Dec 2014
Company Name:			
Eterna Industries Limited	Subsidiary	(272,824)	32,622
Eterna Marine and Services Limited	Subsidiary	53,246	52,246
CEC-Lenux Investments Limited	Shareholder in Eterna Plc	240,000	240,000
		20,422	324,868

Significant related party transactions and balances relating to the Company's financial statements are as follows:

a) Transactions	Dec 2015	Dec 2014
Sales		
Eterna Industries Limited	612,115	526,519

These are sales of base oils and AGO to Eterna Industries Llimited used as inputs in the production of lubricants.

Purchases		
Eterna Industries Limited	1,381,461	1,447,142

Lubricants produced by Eterna Industries Limited are purchased by Eterna plc.

b) Key management compensation
Key Management includes the Managing Director/CEO, The Head of Finance and Control and The Head of Transformation Department. The compensation paid or payable to key management for employee services is shown below:

	31 Dec 2015	31 Dec 2014
Salaries and other short-term employee benefits	81,968	81,968
Post-employment benefits	10,931	10,931
	92,899	92,899

30 Events after reporting period

The Company invested a sum of NGN240 million in North South Power Limited in 2013 for the expansion of its business portfolio. However, due to delay in the actualization of the power project, the two parties (the Company and the investee) mutually agreed to terminate the investment and the amount invested to be refunded back to Eterna Plc. Consequently, the investment was reclassified to other receivables. Subsequent to 31 December 2015, a refund of NGN150 million was received in January 2016 and there is an ongoing process to recover the outstanding balance of N90million.

Also, the NGN1.5 billion term loan borrowed from Sterling Bank in June 2013 had been fully repaid as at 28 February 2016.

There were no other events after the reporting date that could have had any material effect on the state of affairs of the Group as at 31 December 2015 and on the profit for the year that have not been taken into account in these financial statements.

Notes to the consolidated financial statements

31 Cash (used in)/generated from operations

		Group		Company	
		31 Dec 2015	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
Profit on ordinary activities before interest and taxation		1,816,379	2,155,350	1,778,251	2,124,430
Adjustments for non-cash items:					
Depreciation	14	325,190	272,445	293,902	246,961
Fair value loss/(gain) on derivative liability	12	(157,858)	(72,478)	(157,858)	(72,480)
Amortisation of Intangible Assets	14	3,398	980	3,398	980
Amortisation of long term prepayments	15	114,882	46,103	114,882	46,103
Impairment loss on Trade receivables	19	175,586	51,545	175,586	51,545
Provision no longer required	10	(80,359)	(2,564)	(80,359)	(2,564)
Loss/(Profit) on disposals of property, plant and equipment	14	16	-	-	-
Exchange gain/(losses) on Borrowings	21	131,267	147,279	131,267	147,279
Property, plant & equipment and Intangible assets Written off/Disposed	14	633	-	633	-
Finance cost on Trading	21	132,857	119,066	132,857	119,066
Increase/(Decrease) in employees benefits	22	20,728	(7,911)	20,728	(7,911)
		2,482,719	**2,709,815**	**2,413,287**	**2,653,409**
Changes in working capital:					
(Increase) / decrease in inventory	18	1,684,066	74,479	1,687,673	(219,109)
(Increase) / decrease in debtors	19	(12,711,516)	1,670,915	(12,509,157)	1,360,722
(Increase) / decrease in Short term prepayment	15	(24,294)	41,563	(93,081)	41,563
Increase/(Decrease) in payables	24	6,561,033	(143,191)	6,466,358	500,028
		(4,490,711)	**1,643,766**	**(4,448,207)**	**1,683,204**
Cash flow from operating activities		**(2,007,992)**	**4,353,581**	**(2,034,920)**	**4,336,613**

Value added statement

N'000

The statement of value added is included for the purposes of the Companies and Allied Matters Act.

Group	**2015 (N'000)**	**%**	**2014 (N'000)**	**%**
Turnover	92,065,354		82,330,180	
Bought in materials and services - all local	(89,858,927)		(79,648,310)	
	2,206,427		2,681,870	
Interest income	22,228		23,433	
Other income	239,457		102,388	
Value added	2,468,112		2,807,691	
Applied as follows:				
Staff salaries, wages and benefits	574,342	23	523,603	18
Maintenance of assets	69,103	3	85,409	3
Current income tax	(197,355)	(8)	242,986	9
Interest on borrowings	532,022	22	386,717	14
For future growth:				
Deferred tax	225,867	9	259,514	9
Retained earnings	1,264,133	51	1,309,463	47
	2,467,112	100	2,807,692	100

Company	**31 Dec 2015**	**%**	**31 Dec 2014**	**%**
Turnover	92,669,238		82,832,117	
Bought in materials and services - all local	(90,545,260)		(80,220,212)	
	2,123,978		2,611,905	
Interest income	22,228		23,433	
Other income	238,313		101,137	
Value added	2,384,519		2,736,475	
Applied as follows:				
Staff salaries, wages and benefits	539,761	23	506,040	18
Maintenance of assets	58,219	2	62,675	2
Current income tax	(209,105)	(9)	234,918	9
Interest on borrowings	531,238	22	386,042	14
For future growth:				
Deferred tax	214,462	9	268,105	10
Retained earnings	1,249,944	52	1,278,695	47
	2,384,519	100	2,736,475	100

Five-year financial summary- Group

The five-year financial summary for the Group is included for the purposes of the Companies and Allied Matters Act.

	Group				
	2015 IFRS	**2014 IFRS**	**2013 IFRS**	**2012 IFRS**	**2011 NGAAP**
Financial performance					
Revenue	92,065,354	82,330,180	98,296,903	89,637,474	39,198,807
Profit/(loss) before tax	1,306,585	1,792,066	1,069,428	1,413,128	1,784,683
Taxation	(28,512)	(502,500)	(366,232)	(466,772)	(745,429)
Profit for the year	1,278,073	1,289,566	703,196	946,356	1,039,254
Actuarial gains or losses	(19,914)	28,424	14,869	5,482	27,085
Tax effect of actuarial gains and losses	5,974	(8,527)	(4,461)	(1,645)	(8,126)
Non - controlling interest	3	(7)	(28)	(33)	(3)
Total comprehensive income for the year	1,264,136	1,309,456	713,576	950,160	1,058,210
Basic earnings per share (kobo)	0.96	0.99	0.54	0.73	0.80
Diluted earnings per share (kobo)	0.89	0.99	0.54	0.73	0.80

Financial position	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2013**	**31 Dec 2012**	**31 Dec 2011**
Share capital	652,072	652,072	652,072	652,072	652,072
Share premium	5,796,053	5,796,053	5,796,053	5,796,053	5,796,053
Non -controlling interest	126	129	122	94	61
Retained Earnings/(Accumulated deficits)	3,236,054	1,971,918	662,462	(51,114)	(1,001,274)
Total equity	**9,684,305**	**8,420,172**	**7,110,709**	**6,397,105**	**5,446,912**
Property, plant and equipment and intangible asset	5,875,323	6,069,497	6,188,805	6,251,335	6,147,772
Other non-current assets	530,526	383,220	215,024	194,468	230,565
Net current (liabilities)/assets	4,589,551	3,340,707	2,666,772	720,164	20,785
Non-current liabilities	(1,311,095)	(1,373,252)	(1,959,892)	(768,862)	(952,210)
Net assets	**9,684,305**	**8,420,172**	**7,110,709**	**6,397,105**	**5,446,912**
Net assets per share (Naira)	7.43	1.45	5.39	4.91	4.18

Five-year financial summary- Company

N'000

The five-year financial summary for the Company is included for the purposes of the Companies and Allied Matters Act.

	Company				
	2015 IFRS	**2014 IFRS**	**2013 IFRS**	**2012 IFRS**	**2011 NGAAP**
Financial performance					
Revenue	92,669,238	82,832,117	99,307,561	90,488,846	40,082,352
Profit/(loss) before tax	1,269,241	1,761,821	914,533	1,158,105	1,746,271
Taxation	(5,357)	(503,023)	(320,864)	(386,046)	(771,922)
Profit for the year	1,263,884	1,258,798	593,669	772,059	974,349
Actuarial gains or losses	(19,914)	28,424	14,869	5,482	27,085
Tax effect of actuarial gains and losses	5,974	(8,527)	(4,461)	(1,645)	(8,126)
Non - controlling interest	-	-	-	-	-
Total comprehensive income for the year	1,249,944	1,278,695	604,077	775,896	993,308
Basic earnings per share (kobo)	0.97	0.97	0.46	0.59	0.76
Diluted earnings per share (kobo)	0.88	0.97	0.46	0.59	0.76

Financial position	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2013**	**31 Dec 2012**	**31 Dec 2011**
Share capital	652,072	652,072	652,072	652,072	652,072
Share premium	5,796,053	5,796,053	5,796,053	5,796,053	5,796,053
Non -controlling interest	-	-	-	-	-
Retained Earnings/(Accumulated deficits)	2,813,666	1,563,722	285,027	(319,050)	(1,094,945)
Total equity	**9,261,791**	**8,011,847**	**6,733,152**	**6,129,075**	**5,353,180**
Property, plant and equipment and intangible asset	5,641,524	5,836,775	5,947,561	6,062,844	6,013,980
Other non-current assets	581,516	434,210	211,015	245,458	281,555
Net current (liabilities)/assets	4,292,630	3,069,087	2,481,525	550,986	(14,587)
Non-current liabilities	(1,253,879)	(1,328,225)	(1,906,949)	(730,213)	(927,768)
Net assets	**9,261,791**	**8,011,847**	**6,733,152**	**6,129,075**	**5,353,180**
Net assets per share (Naira)	7.10	6.14	5.16	4.70	4.10