Viva Energy Holding Pty Limited
Annual Report
for the year ended 31 December 2015

Contents

Directors' Report

The Directors present their report on the consolidated entity comprising of Viva Energy Holding Pty Limited (the 'Company') and the entities it controlled ('Group') during the year ended 31 December 2015.

1 The Names of Directors in office from 1 January 2015 to the date of this report are:

A. Tobin	Resigned 4 February 2015
J. Ahmed	
J. Dellapina	
H. M. Kho	
R. Hill	Appointed 5 February 2015

2 Company Secretary

L. Pfeiffer

3 Principal activities

During the year the principal activities of the Group consisted of the refining, marketing, sale, supply and distribution of petroleum and related products.

4 Financial results and review of operations

The year ended 31 December 2015 is the first full reporting year of the Company since incorporation on 5 February 2014. This year also includes a full year of operating results of Viva Energy Australia Group Pty Limited (formerly Shell Australia Limited) and its controlled entities since acquisition on 13 August 2014. As a result the comparative figures in the financial report are not entirely comparable with the year ended 31 December 2015 presented.

The Group recorded a profit before tax of $239.9 million on a historical cost basis for the year ended 31 December 2015. During the year the Group experienced strong refining margins and continues to invest in initiatives to drive improved performance at the Geelong Refinery, and expand the Shell / Coles branded retail service station network across Australia.

5 Dividends

The Company did not declare or pay any dividends during the year ended 31 December 2015.

6 Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year, which are not otherwise disclosed in this report or the financial statements.

7 Likely developments and expected results of operations

Except as otherwise disclosed in this report, further information on likely developments and their expected results has not been included in this report on the basis that it would be likely to result in unreasonable prejudice to the interests of the Group.

8 Matters subsequent to the end of the financial year

The Group's undrawn borrowing facilities include a working capital facility of $1,779.6 million (US$1,300.0 million). The amount drawn at 31 December 2015 was $560.0 million. This facility matures on 29 July 2016 and the Group have the option to request an extension of the facility, from the lenders, for a period of one year. The maturity date of this facility has resulted in the drawn amount being recorded as a current liability. Since 31 December 2015 the Group has undertaken a process to refinance this facility. The Group expects that this process will be completed prior to maturity of the existing facility.

There are no other matters or circumstances which have arisen since 31 December 2015 that have significant affect or may affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

9 Environmental report

The Group is subject to Federal, State and Local Government environmental regulation in respect of its land holdings, manufacturing, terminal/distribution facilities and marketing operations.

The Group's terminals and refinery operate pursuant to licences issued by the relevant environmental regulators or other authorities.

These licences generally require discharges to air and water to be below specified levels of contaminants, and solid wastes to be removed to an appropriate disposal facility (for some facilities only). These requirements arise under relevant legislation within the jurisdictions the facilities operate within.

During the year there were certain breaches of environmental licence requirements. These were reported to the relevant regulators and the Group has taken steps to investigate, mitigate and reduce the reoccurrence of these incidents. In particular Management has been working with the Victorian Environment Protection Authority to improve the processes at Geelong to minimize discharges and ensure compliance with regulatory requirements.

Losses of containment were reported to environmental authorities in accordance with regulatory obligations and the Group has received formal regulatory notices, including direction for either further investigation or remediation. The Group is working with the relevant environmental authorities in relation to each of these incidents.

10 Insurance of Officers

The Group has entered into agreements to insure the Directors and Secretaries of the Company and the general managers of each of the divisions of the Group. In accordance with common commercial practice, the insurance policy prohibits disclosure of the name of the liability insured against and the amount of the premium.

11 Auditors Independence Declaration

PricewaterhouseCoopers is the auditor of all companies in the Group. A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

12 Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest $100,000, or in certain cases, to the nearest $1,000.

This report is made in accordance with a resolution of Directors.

H. M. Kho
Director

7 April 2016

Auditor's Independence Declaration

As lead auditor for the audit of Viva Energy Holding Pty Limited for the year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Viva Energy Holding Pty Limited and the entities it controlled during the period.

Paul Bendall
Partner
PricewaterhouseCoopers

Melbourne
7 April 2016

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Consolidated statement of profit or loss

For the year ended 31 December 2015

	Notes	2015 $M	2014 $M
Revenue	4	16,503.8	6,244.9
Raw materials and consumables expense		(10,225.6)	(4,249.8)
Duties and excise tax		(4,273.4)	(1,435.3)
Transportation expenses		(740.8)	(221.7)
Finance costs	5	(100.2)	(43.0)
Depreciation and amortisation expense	5	(76.9)	(25.9)
Net foreign exchange losses	5	(32.9)	(101.2)
Mark to market realised/unrealised (loss)/gain on derivatives		(27.3)	105.8
Superannuation expense	5	(21.7)	(8.0)
Impairment	5	(19.5)	(47.1)
Gain on bargain purchase	27	-	304.4
Other expenses	5	(745.6)	(379.2)
Profit before income tax		**239.9**	**143.9**
Income tax (expense)/benefit	6	(80.1)	18.4
Profit after tax		**159.8**	**162.3**

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

For the year ended 31 December 2015

	Notes	2015 $M	2014 $M
Profit for the year		159.8	162.3
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent years (net of tax)			
Remeasurements of retirement benefit obligations		11.8	(4.0)
Net other comprehensive income/(loss)	21	**11.8**	**(4.0)**
Total comprehensive income for the year, net of tax		**171.6**	**158.3**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 31 December 2015

	Notes	2015 $M	2014 $M
ASSETS			
Current assets			
Cash and cash equivalents	7	188.0	63.2
Trade and other receivables	8	1,079.7	1,248.3
Inventories	9	672.2	775.7
Other current assets	10	49.2	121.3
		1,989.1	**2,208.5**
Non-current assets			
Long-term receivables	11	124.3	134.3
Property, plant and equipment	12	1,737.1	1,591.6
Net deferred tax assets	13	72.9	156.3
Intangible assets		11.4	13.9
Financial assets	14	48.2	48.2
Post-employment benefits	19	16.1	0.8
Investments accounted for using the equity method		60.0	57.5
Other non-current assets		4.5	4.4
		2,074.5	**2,007.0**
Total assets		**4,063.6**	**4,215.5**
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	15	1,245.0	1,241.0
Provisions	16	138.2	151.4
Borrowings	18	557.4	-
Other current liabilities	17	16.8	-
		1,957.4	**1,392.4**
Non-current liabilities			
Provisions	16	131.3	115.6
Borrowings	18	836.8	1,741.0
		968.1	**1,856.6**
Total liabilities		**2,925.5**	**3,249.0**
Net assets		**1,138.1**	**966.5**
Equity			
Contributed equity	20	808.2	808.2
Reserves	21	7.8	(4.0)
Retained earnings		322.1	162.3
Total equity		**1,138.1**	**966.5**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 31 December 2015

	Notes	Contributed equity $M	Other reserves $M	Retained earnings $M	Total equity $M
Balance at 5 February 2014		-	-	-	-
Issue of ordinary shares	20	808.2	-	-	808.2
Profit for the period		-	-	162.3	162.3
Remeasurement of retirement benefit obligations	21	-	(4.0)	-	(4.0)
Total comprehensive profit for the period		**-**	**(4.0)**	**162.3**	**158.3**
Balance at 31 December 2014		**808.2**	**(4.0)**	**162.3**	**966.5**
Balance at 1 January 2015		**808.2**	**(4.0)**	**162.3**	**966.5**
Profit for the year		-	-	159.8	159.8
Remeasurement of retirement benefit obligations	21	-	11.8	-	11.8
Total comprehensive profit for the year		**-**	**11.8**	**159.8**	**171.6**
Balance at 31 December 2015		**808.2**	**7.8**	**322.1**	**1,138.1**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 31 December 2015

	Notes	2015 $M	2014 $M
Operating activities			
Receipts from trade and other debtors		17,956.9	7,218.0
Payments to suppliers and employees		(17,172.7)	(7,274.2)
Interest received		3.2	1.7
Interest paid		(79.4)	(30.5)
Interest paid on finance lease		(7.1)	(2.3)
Tax payment in proportionately consolidated joint operation		(0.3)	-
Net cash flows from/(used in) operating activities		**700.6**	**(87.3)**
Investing activities			
Payment for investments		-	(2,294.9)
Purchase of property, plant and equipment		(240.9)	(59.9)
Proceeds from sale of other property, plant and equipment		3.2	0.2
Loans advanced to a related corporation		(5.0)	-
Loan repayments received from third parties		21.9	8.0
Net cash flows used in investing activities		**(220.8)**	**(2,346.6)**
Financing activities			
Drawdown of borrowings		1,180.0	1,778.9
Repayment of borrowings		(1,535.0)	(90.0)
Issue of ordinary shares		-	808.2
Net cash flows (used in)/from financing activities		**(355.0)**	**2,497.1**
Net increase in cash and cash equivalents		124.8	63.2
Cash and cash equivalents at the beginning of the year		63.2	-
Cash and cash equivalents at the end of the year	7	**188.0**	**63.2**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. Corporate information

The consolidated financial statements of Viva Energy Holding Pty Limited and its subsidiaries (collectively, the 'Group') for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 7 April 2016. Viva Energy Holding Pty Limited (the 'Company') is a for profit company for the purpose of preparing the financial statements. The ultimate parent of Viva Energy Holding Pty Limited is Vitol Investment Partnership Limited, a company incorporated in Jersey.

The Group is principally engaged in refining, marketing, sales, supply and distribution of petroleum and related specialty products. The Group's principal place of business is Bourke Street, Docklands, Australia.

2. Significant accounting policies

2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except for available-for-sale financial assets, financial assets and liabilities (including derivative instruments) which have been measured at fair value.

This financial report is presented in Australian dollars and all values are rounded to the nearest one hundred thousand ($100,000), except when others indicated.

The consolidated financial statements provide comparative information in respect of the previous period. Viva Energy Holding Pty Limited was incorporated on 5 February 2014 however trading did not occur until 13 August 2014. The comparative information relates to the reporting period from 5 February 2014 to 31 December 2014. Accordingly, the information reported in respect of the annual reporting period ended 31 December 2015 is not entirely comparable to the reporting period ended 31 December 2014.

Compliance with Australian Accounting Standards – Reduced Disclosure Requirements

The consolidated financial statements of the Group comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board.

2.2 Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

2.3 Significant accounting policies

(a) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the entity.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Notes to the consolidated financial statements

2.3(a) Business combinations (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the entity are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ('CGU') and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal.

Details of business combinations are set out in Note 26.

(b) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's investments in associates are accounted for using the equity method.

Details of associates are set out in Note 28.

(c) Interests in joint operations

The Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Details of joint operations are set out in Note 28.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

(e) Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and GST collected on behalf of third parties. Total revenue includes the recovery of excise paid.

Revenue is recognised when the goods are passed to the customer pursuant to a sales order and the associated risks have passed to the carrier or the customer.

Revenue for other business activities is recognised on the following basis:

(i) Interest income recognised using the effective interest method.

(ii) Sub lease rentals are recognised in income on a straight line basis over the lease term.

Details related to revenue are set out in Note 4.

Notes to the consolidated financial statements

(f) Fair value measurement

The Group measures available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

Details related to the fair value hierarchy are set out in Note 22.

(g) Income tax

The income tax expense for the year is the tax payable on the current year's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unrecognised deferred tax assets, or liabilities such as unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

Deferred income tax is provided in full, 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. 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 end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Tax assets and liabilities are offset when there is a legally enforceable right to offset.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Income tax details are set out in Note 6.

Notes to the consolidated financial statements

(h) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease.

(i) Group as a lessee

A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

(ii) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

Lease commitment details are set out in Note 24.

(i) Impairment of assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. In respect of other assets, the Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that are impaired are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions.

Cash and cash equivalent details are set out in Note 7.

(k) Trade receivables

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 are generally due for settlement within an average of 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the consolidated income statement in other expenses.

Trade receivable details are set out in Note 8.

Notes to the consolidated financial statements

(l) Inventories

Raw materials and stores, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost is based on the first in first out ('FIFO') principle and includes the direct cost of acquisition or manufacture plus a proportionate share of appropriate functional overheads, depreciation and amortisation.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Details of inventories are set out in Note 9.

(m) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following categories

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available-for-sale financial assets.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Derivatives are classified as held for trading and accounted for at fair value through profit or loss.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

(n) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or 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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	20 years
Plant and equipment	5 – 15 years
Supply and refining infrastructure	20 – 30 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Notes to the consolidated financial statements

2.3(n) Property, plant and equipment (continued)

Minimum operating stock

Minimum operating stock which is the minimum level of inventory held in the entire supply chain and is necessary to operate supply and refining as a going concern, is treated as part of property, plant and equipment. This is on the basis that it is not held for sale, or consumed in a production process but is necessary to the operation of the facilities during more than one operating cycle, and its cost cannot be recouped through normal sale. This applies even though the part of inventory that is deemed to be an item of property, plant and equipment cannot be separated physically from the rest of inventory. It is valued at cost and is depreciated over the estimated useful life of the related asset to its estimated residual value. Minimum operating stock is assessed for indicators of impairment on an annual basis.

Details of property, plant and equipment are set out in Note 12.

(o) Intangible assets

(i) Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life using the straight-line method over 6 years.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Details of trade and other payables are set out in Note 15.

(q) Borrowings

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

Borrowings 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 reporting period.

Details of borrowings are set out in Note 18.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(i) Restoration provisions

Restoration provisions are recognised in the period in which an obligation, legal or constructive, crystallises and represents management's best estimate of the expenditure required to settle the present obligation at the reporting date. The carrying amount of restoration provisions are reviewed regularly and adjusted for new facts or changes in law or technology.

Costs for the future dismantling and removal of assets, and restoration of the site on which the assets are located, are provided for and capitalised upon initial construction of the asset, where an obligation to incur such costs arises. The present value of the expected future cash flows required to settle these obligations is capitalised and depreciated over the useful life of the asset. Subsequent accretion to the amount of a provision due to unwinding of the discount is recognised as a finance cost. A change in estimate of the provision is added to or deducted from the cost of the related asset in the period of the change, to the extent that any amount of deduction does not exceed the carrying amount of the asset.

Notes to the consolidated financial statements

2.3(r) Provisions (continued)

(ii) Environmental provisions

Provisions for environmental remediation resulting from ongoing or past operations or events are recognised in the period in which an obligation, legal or constructive, to a third party arises and the amount can be reasonably measured. Measurement of liabilities is based on current legal requirements and existing technology. Liabilities are determined independently of expected insurance recoveries.

Where environmental impact studies have been completed, the result of this is used to estimate cost at the expected time of exit from the site. In other cases, estimates are based on management experience of remediation at similar sites projected over the estimated remaining occupancy of the site, or the remaining term of the lease.

(iii) Employee benefits provision

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liability for accumulating sick leave is recognised in the provision for employee benefits.

(iv) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in the provision for employee benefits and are measured at present value. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when actual settlement is expected to occur.

(v) Retirement benefit obligations

The Group's superannuation plan has a defined benefit section and a defined contribution section. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions. The defined benefit section was closed to new members in 1998.

The liability or asset recognised in the balance sheet in respect of defined benefit superannuation plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

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 market yields of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit and loss as past service costs.

Contributions to the defined contribution section of the Group's superannuation fund and other independent defined contribution superannuation funds are recognised as an expense as they become payable.

(vi) Other provisions

This provision covers the Group's gap between lease expense and sub-lease income relating to its former head office building which still has a lease that expires on 19 March 2019. Also included in the provision is an amount relating to an onerous contract associated with Clyde Terminal conversion project.

Notes to the consolidated financial statements

(s) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Details of contributed equity are set out in Note 20.

(t) Dividends

Provision is made for the amount of any dividend declared, being authorised and no longer at the discretion of the entity, on or before the end of the reporting year but not distributed at the end of the reporting year.

(u) GST

Revenues, expenses and assets are recognised net of the amount of associated GST. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

2.4 New and amended accounting standards and interpretations

New and amended accounting standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015. The new standards applied for the first time did not have a material impact on the annual consolidated financial statement of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the consolidated financial statements

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Capital management, sensitivity analysis disclosures, and financial instruments risk management and policies are discussed in Note 22.

Impairment of assets

The Group assesses, at each reporting date, whether there are any indicators that assets may be impaired. If there is an indication that an asset may be impaired, the recoverable amount of the asset (or, if appropriate, the Cash Generating Unit ('CGU')) is determined. An asset or CGU is impaired if its carrying amount exceeds its recoverable amount. In undertaking an assessment of whether there are any indicators of impairment the Group considers both internal and external sources of information. The Group has not identified any indicators of impairment for the year ended 31 December 2015.

Taxes

Deferred taxes are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.

The Group has $73.6 million (2014: $123.3 million) of deferred tax asset for tax losses carried forward. These losses relate to operating losses reflected in the main operating subsidiary, Viva Energy Australia Pty Limited and have been recognised based on the expected timing and level of future taxable profits. The other subsidiaries have a deferred tax asset reflecting tax losses of $2.8 million (2014: $1.9 million) which are not recognised as they are not recoverable.

Further details on taxes are disclosed in Note 6.

Restoration provisions

The Group has recognised a provision for asset retirement obligations associated with plant and equipment including tanks at retail service station sites and fuel storage terminals. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the assets from the site and the expected timing of those costs. The carrying amount of the provision as at 31 December 2015 was $104.0 million (2014: $104.7 million). The Group estimates that the costs would be realised in upon exit of the sites or disposal of the assets and calculates the provision using the Discounted Cash Flow ('DCF') method.

Notes to the consolidated financial statements

4. Revenue

	2015	2014
	$M	$M
Revenue from sale of goods	16,350.9	6,178.2
Rents and sub-lease rentals	132.3	40.1
Interest	9.2	4.7
Other revenue	11.4	21.9
	16,503.8	**6,244.9**

5. Expenses

	2015	2014
	$M	$M
Profit before income tax includes the following specific expenses:		
Finance costs		
Interest bearing liabilities	83.1	35.9
Interest on finance leases	7.2	2.7
Unwinding of discount on provisions	9.9	4.4
	100.2	**43.0**
Depreciation and amortisation expense		
Buildings	15.0	17.3
Plant and equipment	59.4	7.6
Amortisation	2.5	1.0
	76.9	**25.9**
Net foreign exchange losses		
Foreign exchange gains	(169.8)	(29.6)
Foreign exchange losses	202.7	130.8
	32.9	**101.2**
Superannuation expense		
Defined contribution superannuation expense	14.6	5.4
Defined benefit superannuation expense	7.1	2.6
	21.7	**8.0**
Impairment		
Impairment of inventories	17.4	46.7
Impairment of receivables	2.1	0.4
	19.5	**47.1**
Other expenses		
Salaries and wages	233.7	87.7
General and administration expenses	198.9	170.4
Maintenance	119.1	45.0
Operating leases	97.0	43.2
Sales and marketing	97.0	32.9
	745.7	**379.2**

Notes to the consolidated financial statements

6. Income tax

Consolidated statement of profit or loss

	2015	2014
	$M	**$M**
(a) Income tax expense/(benefit)		
Current income tax:		
Current tax expense	1.6	4.0
Deferred tax expense/(benefit)	77.5	(22.4)
Adjustment relating to prior periods	1.0	-
Income tax expense/(benefit) reported in the statement of profit or loss	**80.1**	**(18.4)**
Deferred income tax expense/(benefit) included in income tax expense/(benefit) comprises:		
Decrease in deferred tax assets (Note 13)	65.3	(43.5)
Increase in deferred tax liabilities (Note 13)	12.2	21.1
	77.5	**(22.4)**

Consolidated statement of other comprehensive income

	2015	2014
Deferred tax related to items recognised in other comprehensive income during the period:		
Remeasurement of defined benefit obligations	(5.0)	1.7

(b) Reconciliation of income tax benefit to prima facie tax payable

	2015	2014
Accounting profit before income tax expense	239.9	143.9
Tax at the Australian tax rate of 30%	72.0	43.2
Non-assessable gain on bargain purchase	-	(91.4)
Other non-assessable income	(1.2)	-
Non-deductible transaction costs	0.2	30.4
Research and development expenditure	7.4	3.2
Property, plant and equipment deferred tax asset derecognition	8.0	-
Defined pension fund restatement	5.0	-
Sundry items	(2.1)	0.8
Adjustments for current tax of prior periods	1.0	-
Non-refundable carry forward tax offsets	(10.2)	(4.6)
Income tax expense/(benefit) for the period	**80.1**	**(18.4)**

7. Cash and cash equivalents

	2015	2014
	$M	**$M**
Cash at bank	**188.0**	**63.2**

Cash at bank earns interest at floating rates based on daily bank deposit rates during the year, and at the end of the reporting year there were no restrictions on cash (2014: nil).

At the end of the reporting period the Group has access to undrawn borrowing facilities amounting to $1,219.6 million (2014: $670.2 million). The facilities are subject to a floating rate. These bank loan facilities may be drawn down in Australian Dollars or United States Dollars.

The Group's undrawn borrowing facilities include a working capital facility of $1,779.6 million (US$1,300.0 million) (2014: $1,585.0 million (US$1,300 million)). The amount drawn at 31 December 2015 is $560.0 million (31 December 2014: $915.0 million). This facility matures on 29 July 2016 and the Group has an option to request an extension of the facility, from the lenders, for a period of one year (Note 31).

Notes to the consolidated financial statements

8. Trade and other receivables

	2015	2014
	$M	$M
Trade receivables		
Trade receivables	946.6	1,065.1
Provision for impairment of receivables	(3.3)	(2.8)
	943.3	**1,062.3**
Other receivables		
Receivables from related parties	35.2	28.2
Consideration receivable	53.2	89.1
Other debtors	48.0	68.7
	136.4	**186.0**
	1,079.7	**1,248.3**

Trade receivables are non-interest bearing and are generally on terms of 15 to 45 days. Management assessed that the fair value of trade and other receivables approximates the carrying amount due to the short-term maturity of the instruments.

Other receivables generally arise from transactions outside the usual operating activities of the Group.

Consideration receivable relates primarily to amounts receivable arising from the Company's acquisition of Shell Australia Limited for recovery of certain costs. These receivables are recorded at their fair value based on estimates of future cost recoveries.

Trade receivables are often insured for events of non-payment through third party insurance. The maximum exposure to credit risk for the components in the statement of financial position as at 31 December 2015 and 31 December 2014 is reflected in the carrying amounts.

The ageing analysis of trade receivables is as follows:

			Past due				
	Total	Past due	<30 days	30-60 days	61-90 days	91-120 days	>120 days
	$M	$M	$M	$M	$M	$M	$M
2015	943.3	925.3	11.3	0.6	-	0.4	5.7
2014	1,062.3	1,008.8	48.6	2.9	-	0.8	1.2

9. Inventories

	2015	2014
	$M	$M
Raw materials (at cost)	135.9	187.3
Raw materials (at net realisable value)	2.8	41.2
Finished goods (at cost)	442.0	80.7
Finished goods (at net realisable value)	76.3	452.4
	657.0	**761.6**
Stores and spare parts	15.2	14.1
Total inventories	**672.2**	**775.7**

Notes to the consolidated financial statements

10. Other current assets

	2015	2014
	$M	**$M**
Prepayments	38.7	37.9
Derivative contracts	-	81.5
Other	10.5	1.9
	49.2	**121.3**

Prepayments primarily relate to head leases and council rates.
Derivatives are classified as held for trading and accounted for at fair value through profit or loss.

11. Long-term receivables

	2015	2014
	$M	**$M**
Receivables	71.6	86.6
Consideration receivable	47.7	47.7
Loan to related party	5.0	-
	124.3	**134.3**

12. Property, plant and equipment

	Construction in Progress	Freehold land	Freehold buildings	Leasehold buildings	Plant and equipment	Total
	$M	**$M**	**$M**	**$M**	**$M**	**$M**
Cost valuation						
As at 5 February 2014	-	-	-	-	-	-
Acquisition of Shell Australia Limited	87.8	645.9	201.4	72.4	541.4	1,548.9
Additions	47.9	-	2.6	-	19.7	70.2
Disposals	-	(2.6)	-	-	-	(2.6)
Transfers	(75.0)	3.2	6.9	-	64.9	-
As at 31 December 2014	**60.7**	**646.5**	**210.9**	**72.4**	**626.0**	**1,616.5**
Reclassification	-	18.3	(25.3)	(3.0)	10.0	-
Additions	128.8	22.2	12.9	-	79.2	243.1
Disposals	-	(12.1)	(2.5)	-	(8.6)	(23.2)
Transfers	(65.5)	0.8	13.7	-	51.0	-
As at 31 December 2015	**124.0**	**675.7**	**209.7**	**69.4**	**757.6**	**1,836.4**
Accumulated depreciation						
As at 5 February 2014	-	-	-	-	-	-
Depreciation	-	-	(6.6)	(1.0)	(17.3)	(24.9)
As at 31 December 2014	**-**	**-**	**(6.6)**	**(1.0)**	**(17.3)**	**(24.9)**
Depreciation	-	-	(11.5)	(3.5)	(59.4)	(74.4)
As at 31 December 2015	**-**	**-**	**(18.1)**	**(4.5)**	**(76.7)**	**(99.3)**
Net book value						
As at 31 December 2014	60.7	646.5	204.3	71.4	608.7	1,591.6
As at 31 December 2015	**124.0**	**675.7**	**191.6**	**64.9**	**680.9**	**1,737.1**

No borrowing costs were capitalised during 2015 (2014: nil). Construction in progress consists primarily of construction of new retail sites, storage terminals and refinery improvements.

Notes to the consolidated financial statements

13. Deferred tax

	2015	2014
	$M	$M
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Tax losses	73.6	123.3
Inventories	45.4	61.5
Asset retirement obligations	31.2	31.4
Employee benefits	15.4	21.6
Other	19.3	18.3
Total deferred tax assets	**184.9**	**256.1**
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Property, plant and equipment	(91.6)	(53.9)
Intangible assets	(3.4)	(4.2)
Derivative contracts	(2.5)	(21.1)
Financial assets	(14.5)	(14.5)
Other	-	(6.1)
Total deferred tax liabilities	**(112.0)**	**(99.8)**
Net deferred tax assets	**72.9**	**156.3**
Deferred tax assets expected to be recovered within 12 months	31.3	113.4
Deferred tax assets expected to be recovered after more than 12 months	41.6	42.9
	72.9	**156.3**

As at 31 December 2015 the Group has deferred tax assets of $91.4 million (2014: $83.4 million) which have not been recognised as they do not meet the recognition criteria.

Notes to the consolidated financial statements

13. Deferred tax (continued)

Movements in deferred tax assets

2014 movements

	Tax losses	Inventories	Asset retirement obligations	Employee benefits	Other	Total
	$M	$M	$M	$M	$M	$M
Opening balance at 1 February 2014	-	-	-	-	-	-
Acquisition of Shell Australia Limited	-	129.8	32.6	21.4	33.6	217.4
(Charged)/credited:						
To profit or loss (Note 6)	123.3	(68.3)	(1.2)	5.0	(15.3)	43.5
Directly to equity	-	-	-	(5.7)	-	(5.7)
Other movements	-	-	-	0.9	-	0.9
Closing balance at 31 December 2014	**123.3**	**61.5**	**31.4**	**21.6**	**18.3**	**256.1**

2015 movements

	Tax losses	Inventories	Asset retirement obligations	Employee benefits	Other	Total
	$M	$M	$M	$M	$M	$M
Opening balance at 1 January 2015	123.3	61.5	31.4	21.6	18.3	256.1
(Charged)/credited:	-	-	-	-	-	-
To profit or loss (Note 6)	(50.3)	(16.1)	(0.2)	(1.2)	2.5	(65.3)
Directly to equity	-	-	-	(5.0)	-	(5.0)
Other movements	0.6	-	-	-	(1.5)	(0.9)
Closing balance at 31 December 2015	**73.6**	**45.4**	**31.2**	**15.4**	**19.3**	**184.9**

Movements in deferred tax liabilities

2014 movements

	Property, Plant and Equipment	Intangible assets	Derivative contracts	Financial assets	Other	Total
	$M	$M	$M	$M	$M	$M
Opening balance at 5 February 2014		-	-	-	-	-
Acquisition of Shell Australia Limited	(45.9)	(4.2)	-	(14.5)	(15.4)	(80.0)
(Charged)/credited:						
To profit and loss (Note 6)	(8.0)	-	(21.1)	-	8.0	(21.1)
Other movements	-	-	-	-	1.3	1.3
Closing balance at 31 December 2014	**(53.9)**	**(4.2)**	**(21.1)**	**(14.5)**	**(6.1)**	**(99.8)**

2015 movements

	Property, Plant and Equipment	Intangible assets	Derivative contracts	Financial assets	Other	Total
	$M	$M	$M	$M	$M	$M
Opening balance at 1 January 2015	(53.9)	(4.2)	(21.1)	(14.5)	(6.1)	(99.8)
(Charged)/credited:						
To profit and loss (Note 6)	(37.7)	0.8	16.0	-	8.7	(12.2)
Other movements	-	-	2.6	-	(2.6)	-
Closing balance at 31 December 2015	**(91.6)**	**(3.4)**	**(2.5)**	**(14.5)**	**-**	**(112.0)**

Notes to the consolidated financial statements

14. Financial assets

	2015 $M	2014 $M
Financial assets	48.2	48.2
Total non-current financial assets	**48.2**	**48.2**

15. Trade and other payables

	2015 $M	2014 $M
Trade payables	507.4	642.7
Amounts due to related parties	737.6	598.3
Total current trade and other payables	**1,245.0**	**1,241.0**

Trade payables and amounts due to related parties are non-interest bearing and are normally settled in 30 to 60 days.

16. Provisions

	Employee Benefits $M	Restructuring $M	Restoration Provisions $M	Environmental Cleanup $M	Other Provisions $M	Total
At 1 January 2015	80.0	13.0	104.7	52.6	16.7	267.0
Additions	29.0	18.3	1.6	0.1	2.7	51.7
Utilised	(24.2)	(17.1)	(6.8)	(9.1)	(1.9)	(59.1)
Unwinding of discount	3.1	0.1	4.5	1.4	0.8	9.9
At 31 December 2015	**87.9**	**14.3**	**104.0**	**45.0**	**18.3**	**269.5**
Current	80.4	11.0	23.8	13.1	9.9	138.2
Non-current	7.5	3.3	80.2	31.9	8.4	131.3

17. Other current liabilities

	2015 $M	2014 $M
Derivative contracts	16.8	-
Total other current liabilities	**16.8**	**-**

18. Borrowings

	2015 $M	2014 $M
Secured		
Short-term bank loans	557.4	-
Total current borrowings	**557.4**	**-**
Long-term bank loans	787.2	1,691.5
Finance lease liability	49.6	49.5
Total non-current borrowings	**836.8**	**1,741.0**

The carrying amounts approximate the fair value of the borrowings at balance date. The weighted average interest rate on long-term bank loans in 2015 was 5.02% (2014: 5.69%). The weighted average interest rate on short-term bank loans in 2015 was 3.92% (2014: 4.38%).

Notes to the consolidated financial statements

19. Post-employment benefits

(a) Superannuation plan

The main provider of superannuation benefits in the Group is the Viva Energy Superannuation Fund ('VESF'). This fund was established on 1 August 2014, and provides a mixture of defined benefits and accumulation style benefits. Currently the principal type of benefits provided under VESF (to eligible members) is a lump sum, pension or lump sum and accumulation benefits. Lump sum and pension or lump sum benefits are based primarily on years of service and the highest average superannuation salary of the employee.

The Viva Energy Superannuation Fund is a Sub-plan of the Plum Superannuation Fund which is operated by PFS Nominees Pty Limited (the Trustee). The Plan is a "regulated fund" under the provision of the Superannuation Industry (Supervision) Act 1993. The Plan is treated as a complying defined benefit superannuation fund for taxation purposes.

The following sets out details in respect of the defined benefit section only. The expense recognised in relation to the defined contribution plan is disclosed in Note 5.

(b) Consolidated statement of financial position amounts

	2015	2014
	$M	$M
Present value of the defined benefit obligation	(132.3)	(168.7)
Fair value of defined benefit plan assets	148.4	169.5
Net defined benefit asset recognised in the consolidated statement of financial position	**16.1**	**0.8**

(c) Amounts recognised in consolidated income statement

	2015	2014
	$M	$M
Amounts recognised in profit or loss		
Service cost	6.8	2.7
Member contributions	(1.1)	(0.5)
Plan expenses	1.3	0.5
Current service cost	**7.0**	**2.7**
Net interest on the new defined benefit liability/(asset)	0.1	(0.1)
Components of defined benefit cost recorded in profit or loss	**7.1**	**2.6**
Amounts recognised in other comprehensive income		
Remeasurement of the net defined benefit liability		
Return on assets less interest income	(1.5)	(2.5)
Actuarial (gain)/loss – change in financial assumptions	(14.8)	8.5
Actuarial (gain) – experience adjustments	(0.5)	(0.3)
Tax on remeasurement of defined benefit obligations	5.0	(1.7)
Components of defined benefit cost recorded in other comprehensive income	**(11.8)**	**4.0**

Notes to the consolidated financial statements

19. Post-employee benefits (continued)

Based on this rate the following payments are expected to be contributed to the defined benefit plan in future years:

	2015	2014
	$M	$M
Within the next 12 months	4.4	6.4
Between 2 and 5 years	12.4	18.1
Between 5 and 10 years	6.8	10.8
Beyond 10 years	2.5	4.6
Total expected payments	**26.1**	**39.9**

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (2014: 6 years).

20. Contributed equity

	Shares	$M
Issued shares		
Ordinary shares - fully paid at $0.9986 per share	809,323,406	808.2

21. Reserves

	2015	2014
	$M	$M
Opening balance	(4.0)	-
Re-measurement of retirement benefit obligation	11.8	(4.0)
Closing balance	**7.8**	**(4.0)**

Notes to the consolidated financial statements

22. Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities.

Fair value measurement hierarchy for the Group as at 31 December 2015

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$M	$M	$M
Assets measured at fair value			
Financial assets	-	-	48.2
Liabilities measured at fair value			
Derivative contracts	-	16.8	-
Finance lease obligations	-	166.6	-
Fixed rate borrowings	-	1,344.6	-

Fair value measurement hierarchy for the group as at 31 December 2014

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	$M	$M	$M
Assets measured at fair value			
Derivative contracts	-	81.5	-
Financial assets	-	-	48.2
Liabilities measured at fair value			
Finance lease obligations	-	173.7	-
Floating rate borrowings	-	1,691.5	-

There were no transfers between levels.

Management assessed that the fair value of financial assets and financial liabilities approximate their carrying amounts.

The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates.

The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts and commodity forward contracts are valued using valuation techniques, which employ the use of market observable inputs. As at 31 December 2015, the marked-to market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

23. Contingencies

(a) Guarantees

Guarantees amounting to $17.7 million (2014: $14.0 million) are given in respect of the Group's share of workers compensation, sureties for major contracts and other matters including government works.

Under the terms of Deeds of Cross Guarantee entered in accordance with ASIC Class Order 98/1418, each Group Entity guarantees to each creditor payment in full of any debt in accordance with the Deed.

Notes to the consolidated financial statements

24. Contingencies (continued)

Parties to the Deed are identified in Note 29. No liabilities have been recognised in the consolidated statement of financial position in respect of financial guarantee contracts.

(b) Other

Other contingent liabilities of $6.2 million (2014: $3.0 million) include property leases, supply contracts and other legal claims.

24. Commitments

(a) Capital commitments

At 31 December 2015, the Group had capital commitments related to property, plant and equipment totaling $53.2 million (2014: $7.1 million).

(b) Lease commitments

The Group leases various service station sites, office premises, vehicles, shipping vessels and storage facilities under non-cancellable operating leases expiring within two to twenty years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Future minimum lease expense expected to be paid in relation to non-cancellable leases as lessee.

	2015	2014
	$M	$M
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	129.6	105.9
After one year but not more than five years	367.4	271.4
More than five years	227.2	233.2
	724.2	**610.5**

Future minimum lease income expected to be received in relation to non-cancellable leases as lessor.

	2015	2014
	$M	$M
Within one year	135.6	127.6
After one year but not more than five years	476.5	496.1
More than five years	378.6	482.6
	990.7	**1,106.3**

(ii) Finance leases

Future minimum lease payments under finance leases, together with the present value of the minimum net lease payments, are as follows:

	2015		2014	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
	$m	$m	$m	$m
Commitments in relation to finance leases are payable as follows:				
Within one year	7.3	7.1	7.1	6.9
After one year but not more than five years	31.1	26.8	30.4	26.2
More than five years	128.1	72.5	136.2	75.2
Total minimum lease payments	**166.5**	**106.4**	**173.7**	**108.3**
Less amounts representing finance charges	(60.1)	-	(65.4)	-
Present value of minimum lease payments	**106.4**	**106.4**	**108.3**	**108.3**

Notes to the consolidated financial statements

25. Related party disclosures

(a) Parent entities

The parent entity within the Group is Viva Energy Holding Pty Limited. The ultimate parent entity and ultimate controlling party is Vitol Investment Partnership Limited (incorporated in Jersey).

(b) Controlled Entities

Interests in controlled entities are set out in Note 27.

(c) Transactions with Key Management Personnel or entities related to them

Executive directors of controlled entities are entitled to receive discounts on their purchases of company products under the same conditions as are available to all other employees of the Group. The terms and conditions of the transactions with Directors or their director related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities or on an arms-length basis. Dealings between the Group and various related companies are identified in this note.

Some directors hold directorships within the Vitol Group of companies and any transactions entered into by the company with the Vitol Group of companies are in the ordinary course of business and are at arms-length.

(d) Transactions with other related parties

Entities in the Group engage in a variety of related party transactions which are conducted on a commercial basis. They supply products to related entities and overseas related corporations outside of the Group, and purchase crude and products from and pay service fees to overseas related corporations.

	2015	2014
	$M	**$M**
Related party transactions		
Purchases	8,475.1	3,713.0
Sales	1,034.4	86
Loan to associate company	5.0	-

Notes to the consolidated financial statements

26. Business combination

The disclosure below relates to the prior year and has been included below for comparative purposes.

Summary of acquisition

On 13 August 2014 the Company acquired 100% of the issued share capital of Shell Australia Limited (subsequently renamed to Viva Energy Australia Group Limited). The Company accounted for the acquisition using the Acquisition Method. The allocation of the purchase price to the fair value of net assets and liabilities acquired resulted in a gain on bargain purchase of $304.4 million as follows:

	2014
	$M
Net assets acquired	2,330.9
Purchase consideration	(2,026.5)
Gain on bargain purchase	**304.4**

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $M
Total assets	4,099.9
Total liabilities	(1,769.0)
Net assets acquired	**2,330.9**

27. Controlled Entities

Name of Entity	**Country of Incorporation**	**Equity Holding 2015 %**	**Equity Holding 2014 %**
Viva Energy Australia Group Pty Limited	Australia	100	100
Viva Energy Australia Pty Limited	Australia	100	100
Viva Energy Refining Pty Limited	Australia	100	100
Viva Energy Gas Pty Limited	Australia	100	100
VER Limited	Australia	100	-

28. Interests in Associate and Joint Operations

Associate

The Group has a non-controlling interest in New World Holdings Pty Limited, which is involved in supplying wholesale fuel. New World Holdings is a private entity that is based in Melbourne, Australia and trades as Liberty Oil. This is classified as an investment in associate under AASB 128 and has been recognised in the financial statements using the equity method. During the year the Group advanced an amount of $5.0 million to New World Holdings Pty Limited.

Joint Operations

The Group's investments in W.A.G. Pipeline Pty Limited and Crib Point Terminal Pty Limited are classified as joint operations under AASB 11 and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses and has proportionately consolidated interests under the appropriate headings in these financial statements.

Notes to the consolidated financial statements

29. Deed of Cross Guarantee

Viva Energy Holding Pty Limited, Viva Energy Australia Group Pty Limited, Viva Energy Australia Pty Limited, Viva Energy Refining Pty Limited and Viva Energy Gas Pty Limited are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' Report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

Under the Deed of Cross Guarantee, each entity listed above guarantees to each creditor payment in full of any debt in accordance with the terms of the Deed. The Deed becomes enforceable in respect of the debt of a Group entity upon (or after a resolution for) the winding up of the Group entity.

The above Companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Viva Energy Holding Pty Limited.

The aggregate assets and liabilities of the Companies which are party to the Deed of Cross Guarantee and the aggregate of their results for the period to 31 December 2015 are set out below.

	2015	2014
	$M	$M
Assets	4,055.2	4,207.3
Liabilities	2,922.0	3,245.8
Net Profit for the year	159.3	162.1
Total Comprehensive Income for the year	171.1	158.1

30. Parent Company financial information

	2015	2014
	$M	$M
Balance sheet		
Current assets	64.2	156.5
Non-current assets	2,060.4	2,367.8
Total assets	**2,124.6**	**2,524.3**
Current liabilities	37.4	113.9
Non-current liabilities	1,353.0	1,692.2
Total liabilities	**1,390.4**	**1,806.1**
Contributed equity	808.2	808.2
Retained earnings	(74.0)	(90.0)
Total equity	**734.2**	**718.2**
Profit/(loss) of the Company	16.0	(90.0)
Total comprehensive income/(loss) of the Company	**16.0**	**(90.0)**

31. Events occurring after the reporting period

The Group's undrawn borrowing facilities include a working capital facility of $1,779.6 million (US$1,300.0 million). The amount drawn at 31 December 2015 is $560.0 million. This facility matures on 29 July 2016 and the Group has the option to request an extension of the facility, from the lenders, for a period of one year. The maturity date of this facility has resulted in the drawn amount being recorded as a current liability. Since 31 December 2015 the Group has undertaken a process to refinance and extend this facility. The Group expects that this process will be completed prior to the maturity of the existing facility.

32. Auditors' remuneration

The auditor of the Company and the Group is PwC Australia.

	2015	2014
	$	$
Amounts received or due and receivable by PwC Australia for:		
Audit and review of financial reports of the Group	573,960	660,000
Other services in relation to the Company and any other entity in the Group		
Other assurance services	90,000	85,000
Due diligence services	443,000	20,400
Total	**1,106,960**	**765,400**

33. Standards issued but not yet effective

Standards issued but not yet effective up to the date of the issuance of the Group's consolidated financial statements which are likely to have a material impact are listed below. This listing is of standards and interpretations issued which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective. All other standards issued but not yet effective are not expected to have a material effect of the financial statements.

AASB 9 *Financial Instruments* (effective 1 January 2018)

In December 2014, the AASB issued the final version of AASB 9 *Financial Instruments*. AASB 9 includes guidance on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and a new hedge accounting model. Under the classification and measurement requirements for financial assets, financial assets must be classified and measured at either amortised cost or at fair value through profit or loss or through OCI, depending on the basis of the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. AASB 9 requirements address the problem of volatility in net earnings arising from an issuer choosing to measure certain liabilities at fair value and require that the portion of the change in fair value due to changes in the entity's own credit risk be presented in OCI, rather than within net earnings. The Group is currently in the process of assessing the impact of AASB 9. However the new general hedge accounting model is not expected to have a material effect on the financial statements as the Group does not apply hedge accounting.

AASB 15 *Revenue from Contracts with Customers* (effective 1 January 2018)

AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group is currently in the process of assessing the impact of AASB 15 on revenue recognition.

AASB 16 *Leases* (effective 1 January 2019)

AASB represents a significant change for lessees of operating leases. With the exception of low value and short-term leases, all leases must be recognised on the lessee's balance sheet. Accordingly, lessees will have one accounting model for accounting for leases, which is similar to the current finance lease model in AASB 117. The Group is yet to calculate the impact however it is expected to be significant given the Group enters into material leases accounted for as operating leases.

34. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

Directors declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 8 to 36 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the Group and consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 29 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in Note 29.

The declaration is made in accordance with a resolution of the Directors.

H. M. Kho
Director

7 April 2016

pwc

Independent auditor's report to the members of Viva Energy Holding Pty Limited

Report on the financial report

We have audited the accompanying financial report of Viva Energy Holding Pty Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and consolidated statement of comprehensive income , consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Viva Energy Holding Pty Limited and Controlled Entities (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion, the financial report of Viva Energy Holding Pty Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Paul Bendall
Partner
PricewaterhouseCoopers

Melbourne
7 April 2016

[remove or insert page no's to match accounts]