



NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

REPORT ON THE FINANCIAL AUDIT 1999-2004

APPENDIX 1: PETROLEUM PROFITS TAX

Presented to

The National Stakeholder Working Group

by

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in association with

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Final Submission

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Information as at 30th June 2006

The report and all appendices relating to the report are intended for the use of the National Stakeholder Working Group of the NEITI for the purpose of that initiative and are not to be relied upon by other parties.

APPENDICES

1	Petroleum Profits Tax	1-0	FIRS
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1-0 PETROLEUM PROFIT TAX (PPT)

1.01 Introduction

Sequel to the completion and submission of final report on the system documentation of the Federal Inland Revenue Service (FIRS) activities, we commenced the data validation exercise of the FIRS on October 12, 2005

Our planned scope of work was to cover the validation and reconciliation of the funds flow data provided in the entity's templates on the following areas:

- | | | |
|-----|---|--------|
| (a) | Petroleum Profit Tax | (PPT) |
| (b) | Education Tax | (EDT) |
| (c) | Value Added Tax | (VAT) |
| (d) | Withholding Tax | (WHT) |
| (e) | Pay As You Earn | (PAYE) |
| (f) | Funds received by designated Banks | |
| (g) | Finds Transferred / Remitted by designated Banks to CBN | |

However, owing to the decentralised nature of the collection process for Value Added Tax (VAT), Withholding Tax (WHT) and Pay as You Earn (PAYE), we are constrained to carry out the reconciliation and validation of finds flow for these taxes.

1.02 Objectives

1.02.1 The Objectives of the reconciliation and validation phase of the audit exercise include the following:

- to verify the reliability or otherwise of the PPT flows reported by the Upstream producing companies as payments made to the Federal Government in the period under review.
- to establish if there were any losses of revenue due to the Federal Government arising from defaulted or delayed payments by the Upstream companies.
- to ascertain that direct remittances by the operators to FGN Accounts are properly accounted for.
- to ascertain that tax funds paid through local designated banks are transferred/swept into CBN accounts.

1.03 Work Done

We carried out the following in the course of the reconciliation and validation of the financial flows exercise in FIRS.

- Reconciliation of PPT data set out in the FIRS templates to the data presented by the Upstream producing companies. This was carried out to confirm that the data presented by both parties for the audit exercise agree to each other.
- Verified payments made by the Upstream companies as reported in FIRS templates to FIRS input documents (K-Card, Receipts and Cash register)
- Confirm payments made by the Upstream companies as set out in FIRS data templates to the following CBN source documents.
 - Foreign operations bank statement
 - Credit Advice from CBN
 - Remittance Advice from the Upstream companies
- Generally check for delayed payment and default monthly installment payment.

- Validation of the assessment by FIRS on sample basis.

1.04 Observations

We noted the following exceptions in course of the reconciliation and validation of PPT exercise in FIRS. The exceptions in the main cut across all the Upstream producing companies. In view of this and for reporting convenience, we have grouped the exceptions into both General and Specific issues relating to each Upstream company.

1.04.10 General Observations

1.04.11 Assessment

- I. We observed that FIRS raises assessment on the companies on the basis of the returns filed by upstream companies after their accounting year end usually in May of the following year. These returns are thereafter examined and verified on a desk basis audit. However, FIRS has recently added field audit to its assessment review process. The result of the field audit is that FIRS has in some cases (e.g. Dubri Oil) raised assessments in recent years covering many years in retrospect. Where Reserve Addition Bonus is involved FIRS undertake an independent check with the Department of Petroleum Resources.
- II. We noted further that in general, the Upstream companies raise and revise their estimates as the tax year progresses. This, we are reliably informed, is necessary in view of subsequent/later information available on the operation of the Upstream companies. At the end of the tax year, when the Upstream companies submit their final accounts, necessary adjustment is made by FIRS and a final assessment is raised to agree with the operators computations following a joint reconciliation between FIRS and the Upstream companies.

This phase of the assignment has covered the reconciliation and validation of the data in the FIRS template to the data from the Upstream companies and related CBN Foreign Operations Statements.

1.04.12 Record Keeping and Accounting System

We observed that FIRS does not maintain its records on the double entry system. Consequently FIRS does not maintain a proper cashbook and does not keep any ledger.

To keep track of financial flows therefore FIRS maintained a Cash Register and K-Cards to record all PPT Payments advised to it by the Central Bank of Nigeria.

On Confirmation of remittance from the Operating Companies through the CBN Advise and Bank Statement, the FIRS issues Treasury Receipts to the Upstream Companies (OPCO).

Suffice to also note that since FIRS keeps a single entry records no Control Account is maintained.

1.04.13 The K- Card

The K- Card which serves as the primary record of financial inflows is maintained on a single entry basis and oftentimes updated on retrospective basis. For example a payment due from an OPCO in one year but for one reason or the other paid in later year is retroactively posted into the K-Card of the actual year of assessment This obfuscates delayed payments and does not properly match the FIRS records with the cash basis accounting that is practiced.

Whilst, FIRS accept the above basis of accounting, they argue that “like all government ministries and extra-ministerial departments, it operates a government accounting system which is maintained on a single entry basis. FIRS cannot therefore be expected to operate a parallel accounting system”. We are of the opinion that whatever system FIRS operates, it should be such that it incontrovertibly highlights delayed PPT payments for appropriate action.

1.04.15 Two Months Time Lag Recording by FIRS

We observed a two months time lag in the booking of PPT payments made by Upstream Companies. While FIRS records payments to align with the time of the event irrespective of when payment is received the Upstream Companies record PPT payments when payment is effected.

This FIRS practice is buttressed on the Petroleum Profit Act (PPTA) which provides for a two months lag in payment of PPT.

Indeed, the PPTA states that every company engaged in Petroleum operation must file a return of estimated tax for a given year of assessment not later than the second month (i.e. February) and begin to made payments in equal monthly instalments from the following month (i.e. March). In essence, payment made in March is for January liability period.

Consequent based on the above provision, payments figures captured by FIRS and the upstream companies on their templates differ significantly from month to month. Observed variances arising from this time lag are however reconciled in the body of this report.

1.04.16 Poor Accounting System/Record Keeping

We observed in the course of our review, cases where data and information flow from the operators and the Central Bank of Nigeria were not properly or fully captured on FIRS templates.

1.04.17 Addax Petroleum Dev. Co. Ltd.

a) 2003 Year of Assessment.

Evidence available on FIRS records revealed an outstanding tax liability of \$9,978,861 by Addax for the 2003 Assessment Year. FIRS further confirmed that this liability was caught by the NNPC take-over of responsibility for payment of tax for the NNPC/Addax PSC arrangement.

Suffice to note however that reconciliation relating to year 2003 and prior years is in progress between NNPC and Addax on one hand and Addax and FIRS on the other and until such reconciliation is concluded the above liability may not fall due.

b) 2004 Assessment

According to FIRS records, an assessment of \$152,432,515 had been raised on Addax for the 2004 Assessment year and is yet to be settled by Messrs Addax.

Our further enquiries has however confirmed that an understanding has been struck for NNPC to take over the responsibility for lifting all the Tax Oil for the PSC arrangement and by implication be wholly responsible for settling both the PPT and Royalty payable by the PSC with effect from 2004 Assessment Year

Consequently, we are able to confirm that NNPC has lifted a total of 3,456,677 barrels of Tax Oil and has made relevant payments totalling \$136,919,777.00 for the 2004 Assessment Year. We also traced the relevant payments through NNPC – J.P Morgan Chase Account into the Federation Account at CBN. The difference (\$15,512,798) between FIRS assessment of \$152,432,515 and NNPC payment to Federation Account of \$136,919,777.00 may only become payable at the conclusion of the on-going reconciliation exercise.

(c) Recommendation on the NNPC/Addax PSC

To facilitate reconciliation and ensure transparency of PPT and Royalty liabilities and associated payments we would like to recommend the adoption of one of the following options.

(i) NNPC to open a special JP Morgan Tax and Royalty Account where payments for PPT and Royalty will be lodged. This account will then be swept monthly into the Federation Account and FIRS and DPR will be advised accordingly or

(ii) Where FIRS and DPR decide to open separate accounts for PPT and Royalties, then NNPC should pay through these new accounts like the other operators

Resulting from the above observations, cash flow figures captured by FIRS and the Upstream companies on their templates differ significantly from month to month. Observed variances are reconciled in Appendix 1.18

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
FINANCIAL AUDIT: Interim Report On Financial Flows**

1-1-0 PETROLEUM PROFIT TAX (PPT)**1-1-1 Observations and Matters Arising**

- We observed that CBN receipts are recorded two months in arrears of SPDC payments. As a result of timing differences, some payments made by SPDC were recognized by CBN in the following year
- The SPDC PPT templates included Royalty Crude, Royalty Gas and Gas Flare Penalty payments in some cases. These have been isolated and reconciled accordingly
- Most PPT paid by SPDC in 1999 were not seen in the CBN templates. We validated the PPT payments along with Royalty and Gas Flare penalty fees to SPDC payment request letters and receipts issued by FIRS and observed that some PPT payments by SPDC were classified as Royalty payments as well as Gas Flare penalty fees by CBN in the template formulation. We have also isolated these payments and reconciled them accordingly thereby correcting the classification errors as shown in the tables therein.
- We are still left with the amount of \$1,193,000 which was paid in February 1999 by SPDC but not received by CBN. SPDC has been asked to trace this payment with their bankers.
- An amount of \$1,354,000 received by the CBN in October 2004 could not be confirmed as an SPDC payment CBN maintained that the sum recorded was the sum received by them.
- Also in 2004, Reserve Additional Bonus payment of \$170,000,000 made by SPDC was wrongly classified as PPT payment by CBN. We have validated this amount to relevant documents in SPDC and have made the necessary adjustments as shown in the table therein.

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
FINANCIAL AUDIT: Interim Report On Financial Flows**

P P T

SPDC VS CBN DATA RECONCILIATION

PERIOD	NOTE	SPDC TEMPLATE USD '000	CBN TEMPLATE USD '000	NOTE
Jan 99		1,219	1,574	
Feb 99	A	1,193	-	
Mar 99		1,212	1,219	
Apr 99		9,319	-	
May 99		10,958	1,212	
Jun 99		14,049	9,319	
Jul 99		15,816	10,958	
Aug 99		20,383	14,049	
Sep 99	B	27,009	15,816	
Oct 99	C	38,436	20,383	
Nov 99		70,239	31,468	B
Dec 99		70,809	44,114	C
TOTAL		280,642	150,112	

CAUSES OF DIFFERENCES1. Timing Differences

Payment reported by SPDC in 1998 but
not made until 1999

---January 1999 1,574

1994 13th month payment made in Dec 1999 C 5,678

1997 13th month payment made in Nov 1999 B 4,459

1999 accruals paid in 2000 by SPDC

---November 1999 (70,239)

---December 1999 (70,809)

CASH BASIS TOTALS

151,305 150,112

2. Other factors

Payment in SPDC template not captured by CBN

---February 1999 A (1,193)

ADJUSTED TOTALS 150,112 150,112

NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
FINANCIAL AUDIT: Interim Report On Financial Flows

P P T

SPDC VS CBN DATA RECONCILIATION

PERIOD	NOTE	SPDC TEMPLATE USD '000	CBN TEMPLATE USD '000	NOTE
Jan 00		34,481	70,239	
Feb 00		38,254	70,809	
Mar 00		44,703	34,481	
Apr 00		49,878	38,254	
May 00		52,855	44,703	
Jun 00		60,958	49,878	
Jul 00		71,753	52,855	
Aug 00		84,376	60,958	
Sep 00		99,948	71,753	
Oct 00		124,313	84,376	
Nov 00		176,254	99,948	
Dec 00		176,128	124,313	
13th mth		30,660	-	
TOTAL		1,044,561	802,567	

CAUSES OF DIFFERENCES

1. Timing Differences

Payments reported by SPDC in 1999 but
not made until 2000

---January 2000	70,239
---February 2000	70,809

2000 accruals by SPDC paid in 2001:

---November 2000	(176,254)
---December 2000	(176,128)
---13th month	(30,660)

CASH BASIS TOTALS	802,567	802,567
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NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
FINANCIAL AUDIT: Interim Report On Financial Flows

P P T**SPDC VS CBN DATA RECONCILIATION**

PERIOD	NOTE	SPDC TEMPLATE USD '000	CBN TEMPLATE USD '000	NOTE
Jan 01		52,322	176,254	
Feb 01		52,276	176,128	
Mar 01		57,356	52,322	
Apr 01		59,808	52,276	
May 01		61,836	57,356	
Jun 01		55,774	59,808	
Jul 01		57,546	92,496	
Aug 01		59,046	55,774	
Sep 01		47,916	57,546	
Oct 01		45,668	59,046	
Nov 01		80,518	47,916	
Dec 01		87,198	45,668	
13th mth		26,424	-	
TOTAL		743,688	932,590	

CAUSES OF DIFFERENCE1. Timing Difference

Payments reported by SPDC in 2000 but
not made until 2001

---January 2001	176,254
---February 2001	176,128

2000 13th month payment by SPDC made
in 2001

30,660

2001 accruals by SPDC paid in 2002

---November 2001	(80,518)
---December 2001	(87,198)

2001 13th month accrued by SPDC paid
in 2002

(26,424)

CASH BASIS TOTAL**932,590****932,590**

NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
FINANCIAL AUDIT: Interim Report On Financial Flows

P P T**SPDC VS CBN DATA RECONCILIATION**

PERIOD	NOTE	SPDC TEMPLATE USD '000	CBN TEMPLATE USD '000	NOTE
Jan 02		5,647	80,518	
Feb 02		12,011	87,198	
Mar 02		13,487	5,647	
Apr 02		16,405	12,011	
May 02		27,504	13,487	
Jun 02		29,121	16,405	
Jul 02		32,732	53,928	
Aug 02		45,203	-	
Sep 02		59,225	61,853	
Oct 02		53,289	45,203	
Nov 02		80,689	-	
Dec 02		83,863	112,514	
13th mth		27,357	-	
TOTAL		486,533	488,764	

CAUSES OF DIFFERENCE**1. Timing Differences**

Payments reported by SPDC in 2001
but not made until 2002

---January 2002	80,518
---February 2002	87,198

2001 13th month payment by SPDC
made in 2002

26,424

2002 accruals by SPDC paid in 2003

---November 2002	(80,689)
---December 2002	(83,863)

2002 13th month accrued by SPDC
paid in 2003

(27,357)

CASH BASIS TOTALS

488,764

488,764

NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
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P P T

SPDC VS CBN DATA RECONCILIATION

PERIOD	NOTE	SPDC TEMPLATE USD '000	CBN TEMPLATE USD '000	NOTE
Jan 03		45,064	80,688	
Feb 03		54,342	83,862	
Mar 03		50,711	45,064	
Apr 03		55,046	54,342	
May 03		63,068	50,711	
Jun 03		69,872	55,046	
Jul 03		77,571	90,425	
Aug 03		85,590	69,872	
Sep 03		99,266	77,571	
Oct 03		148,284	85,590	
Nov 03		222,818	99,266	
Dec 03		223,719	148,284	
13th mth	A	19,977	-	
TOTAL		1,215,328	940,721	

CAUSES OF DIFFERENCE1. Timing Differences

Payments reported by SPDC in
2002 but not made until 2003

---January 2003	80,688
---February 2003	83,862

2002 13th month payment by SPDC
made in July 2003

27,357

2003 accruals by SPDC paid in 2004

---November 2003	(222,818)
---December 2003	(223,719)

2003 13th mth accrued by SPDC paid
in 2004

A (7,957)

Supplementary PPT wrongly classified as
Royalty by CBN

A 12,020

CASH BASIS TOTALS**952,741 952,741**

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
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FINANCIAL AUDIT: Interim Report On Financial Flows**

P P T

SPDC VS CBN DATA RECONCILIATION

PERIOD	NOTE	SPDC TEMPLATE USD '000	CBN TEMPLATE USD '000	NOTE
Jan 04		112,359	222,818	
Feb 04		113,539	223,719	
Mar 04	A	124,744	112,359	
Apr 04		137,129	113,539	
May 04		146,636	294,744	A
Jun 04		162,356	137,129	
Jul 04	B	184,797	146,636	
Aug 04	B	207,650	162,356	
Sep 04		218,928	7,957	
Oct 04		276,188	393,801	B
Nov 04		287,116	218,928	
Dec 04		281,166	276,188	
TOTAL		2,252,608	2,310,174	

CAUSES OF DIFFERENCE**1. Timing Differences**

Payment reported by SPDC in 2003
but not made until 2004

---January 2004	222,818
---February 2004	223,719

2003 13th month payment by SPDC
made in 2004

7,957

2004 accruals by SPDC paid in 2005

---November 2004	(287,116)
---December 2004	(281,166)

1991 - 1999 RAB

paid in May, 2004

A

(170,000)

CASH BASIS TOTAL**2,138,820****2,140,174****2. Other Factors**

Unexplained receipts by CBN not in
SPDC template

B

(1,354)

ADJUSTED TOTALS**2,138,820****2,138,820**

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
FINANCIAL AUDIT: Interim Report On Financial Flows**

VERIFICATION TABLE FOR PETROLEUM PROFIT TAX

For the year end 31st December 1999 - 2004 (USD)

Assessment Year (a)	Balance at 1st January (b) \$'000	Payments/ Refunds c \$'000	P&L charge for current yr (d) \$'000	P&L charge for prior yr (e) \$'000	Balance at 31st Dec (f) \$'000
1998 & prior					(94,800)
1999	(94,800)	(151,305)	389,000	-	142,895
2000	142,895	(802,567)	1,035,100	-	375,428
2001	375,428	(932,590)	744,800	-	187,638
2002	187,638	(488,764)	486,000	-	184,874
2003	184,874	(952,741)	1,220,300	-	452,433
2004	452,433	(2,138,820)	2,375,000	-	688,613

Note

There was an outstanding tax liability of \$688,613,000 at the end of the year 2004, the payment of which has not been validated to year 2005 payment which is outside the year of audit

1-2 PPT - MOBIL

Observations

1. We observed that in May 2004, there was a difference of \$104,309,000 between Mobil's template and CBN/FIRS templates. This represents a payment of 1991 – 1999 Reserves Additional Bonus (RAB) by Mobil. We requested and obtained the receipt that confirmed the payment. This is not really a PPT item and represents a classification error.
2. There was also a difference of \$3,418,000 in 2004 as disclosed by the reconciliation table which represents company Income Tax.
3. Two different receipts, stated below, were issued for the company's PPT payment for April, 2002: -

Date	Receipt No.	Amount
		\$
23/12/02	F000460	27,186,000
17/6/02	F000400	27,186,000

We are yet to confirm if the above receipts cover the same amount or whether it was duplicated. The AG's office should take utmost care in the issue of receipts to avoid unnecessary losses to the Government.

PPT RECONCILIATION 1999

1999	MOBIL VS CBN	
	MOBIL \$'000	CBN \$'000
Jan-99	8,838	8,838
Feb-99	8,838	8,838
Mar-99	8,651	8,651
Apr-99	14,846	14,846
May-99	14,846	14,846
Jun-99	14,846	14,846
Jul-99	14,846	14,846
Aug-99	36,283	36,283
Sep-99	36,283	-
Oct-99	66,219	102,502
Nov-99	66,219	-
Dec-99	96,928	163,147
13th Month	18,204	-
	405,847	387,643

CAUSES OF DIFFERENCE

1 Timing Differences

1999 13th month Payment
received by CBN in 2000

(18,204)	_____
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CASH BASIS TOTAL

387,643	387,643
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PPT RECONCILIATION 2000

2000	MOBIL VS CBN	
	MOBIL \$'000	CBN \$'000
Jan-00	96,928	96,928
Feb-00	73,275	73,275
Mar-00	67,039	67,039
Apr-00	67,039	67,039
May-00	67,039	67,039
Jun-00	67,039	67,039
Jul-00	67,039	18,204
Aug-00	93,787	67,039
Sep-00	93,787	93,787
Oct-00	93,787	187,574
Nov-00	117,840	117,840
Dec-00	117,840	117,840
13th month	15,633	-
	1,038,072	1,040,643

CAUSES OF DIFFERENCE

1 Timing Differences

1999 13th Month received by CBN in 2000	18,204	
2000 13th Month received by CBN in 2001	(15,633)	-
CASH BASIS TOTAL	1,040,643	1,040,643

PPT RECONCILIATION 2001

2001	MOBIL VS CBN	
	MOBIL \$'000	CBN \$'000
Jan-01	117,840	117,840
Feb-01	134,310	134,310
Mar-01	72,808	-
Apr-01	72,808	145,616
May-01	72,808	72,808
Jun-01	72,808	72,808
Jul-01	72,808	88,441
Aug-01	72,808	72,808
Sep-01	94,638	94,638
Oct-01	94,638	94,638
Nov-01	68,955	68,955
Dec-01	68,955	68,955
13th Month	9,529	
	1,025,713	1,031,817

CAUSES OF DIFFERENCE

1 Timing Differences

2000 13th month payment received by CBN in 2001	15,633	-
2001 13th month payment accrued by Mobil but received by CBN in 2002	(9,529)	-
CASH BASIS TOTAL	1,031,817	1,031,817

PPT RECONCILIATION 2002

2002	MOBIL VS CBN	
	MOBIL \$'000	CBN \$'000
Jan-02	68,955	68,955
Feb-02	68,955	68,955
Mar-02	27,186	27,186
Apr-02	27,186	27,186
May-02	27,186	27,186
Jun-02	27,186	27,186
Jul-02	46,657	56,186
Aug-02	46,657	46,657
Sep-02	46,657	46,657
Oct-02	46,657	46,657
Nov-02	46,657	46,657
Dec-02	46,657	46,657
13th Month	3,616	-
	530,212	536,125

CAUSES OF DIFFERENCE

1 Timing Differences

2001 13th month payment accrued by Mobil but received by CBN in 2002	9,529	-
2002 13th month payment accrued by Mobil but received by CBN in 2003	(3,616)	-
CASH BASIS TOTALS	536,125	536,125

PPT RECONCILIATION 2003

2003	MOBIL VS CBN	
	MOBIL \$'000	CBN \$'000
Jan-03	156,581	156,581
Feb-03	156,581	156,581
Mar-03	58,487	58,487
Apr-03	58,487	58,487
May-03	58,487	58,487
Jun-03	58,487	58,487
Jul-03	58,487	62,103
Aug-03	58,487	58,487
Sep-03	58,487	58,487
Oct-03	101,681	101,681
Nov-03	101,681	101,681
Dec-03	138,384	138,384
	1,064,317	1,067,933
CAUSES OF DIFFERENCES		
1 Timing Differences		
2002 13th month payment received by CBN in 2003	3,616	0
CASH BASIS TOTALS	1,067,933	1,067,933

PPT RECONCILIATION 2004

2004	MOBIL VS CBN	
	MOBIL	CBN
	\$'000	\$'000
Jan-04	170,958	170,958
Feb-04	165,234	165,234
Mar-04	59,001	59,001
Apr-04	59,001	59,001
May-04	88,515	88,515
Jun-04	94,587	94,587
Jul-04	94,587	94,587
Aug-04	94,587	94,587
Sep-04	140,446	140,446
Oct-04	162,472	162,472
Nov-04	198,026	198,026
Dec-04	198,026	198,026
13th Month	<u>84346</u>	<u>0</u>
	1,609,786	1,525,440

CAUSES OF DIFFERENCE

1 Timing Differences

2004 13th month received by
 CBN in 2005

<u>(84,346)</u>	<u> </u>
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CASH BASIS TOTAL

<u>1,525,440</u>	<u>1,525,440</u>
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1-3 PETROLEUM PROFIT TAX: CHEVRON

OBSERVATIONS AND MATTERS ARISING

- 1 In the course of the review. We observed that there was no effective monitoring and control by FIRS to ensure that there were no under payment of PPT. We are of the opinion that there is need to overhaul the FIRS and properly position it to ensure effective monitoring and control over PPT.
- 2 Estimated tax returns are filed along with installmental payments. However, the JV is not issued receipt until after two months. Since the JVs pay directly to CBN we are of the opinion that a system should be put in place that eliminates this delay in notifying FIRS on part of CBN to enable FIRS issue receipts to the JV.
- 3 Our review shows that TOPCON and COCNL did not pay PPT in 1999, as both companies offset their tax liability in the 1999 year of assessment with the loss carried forward from the previous year (1998 year of Assessment).

CONCLUSION AND RECOMMENDATION

A uniform reporting format should be established between the JVS, FIRS and CBN to ensure smooth flow of information on PPT.

1-3-1 CNL PPT Data Reconciliation
Year 1999

CNL VS CBN PPT DATA COMPARISON/RECONCILIATION

PERIOD	NOTES	CNL TEMPLATE USD "000"	CBN TEMPLATE USD "000"	NOTES
Jan-99		0	0	
Feb-99		0	0	
Mar-99		1,187	1,187	
Apr-99		1,187	1,187	
May-99		4,221	4,221	
Jun-99		4,221	4,221	
Jul-99		8,806	8,806	
Aug-99		8,806	8,806	
Sep-99		16,881	16,881	
Oct-99		30,000	30,000	
Nov-99		30,000	30,000	
Dec-99		45,269	45,269	
13th Mth	A	30,521	0	
Sub Total		181,099	150,578	

CAUSES OF DIFFERENCE

1) Timing difference

1999 13th Mth accrual by CNL paid in July 2000	A	(26,454)	
1999 additional payment made in June 2002	A	(4,067)	
CASH BASIS TOTALS		<u>150,578</u>	<u>150,578</u>

Year 2000					
PERIOD	NOTES	CNL TEMPLATE USD "000"	CBN TEMPLATE USD "000"	NOTES	
Jan-00		65,290	0		
Feb-00		65,290	130,580		
Mar-00		29,693	29,693		
Apr-00		37,252	37,252		
May-00		37,252	37,252		
Jun-00		37,252	37,252		
Jul-00	B	53,406	79,860	B	
Aug-00		53,406	53,406		
Sep-00		67,550	67,550		
Oct-00		67,550	67,550		
Nov-00		85,019	85,019		
Dec-00		104,374	104,374		
13th Mth	A	13,908	0		
Sub Total		717,244	729,788		

CAUSES OF DIFFERENCE

1) Timing difference

2000 13th month accrual by CNL paid in July 2001	A	(13,908)	
1999 13th month payment by CNL in July 2000	B	26,454	

CASH BASIS TOTALS		<u>729,788</u>	<u>729,788</u>
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Year 2001

PERIOD	NOTES	CNL TEMPLATE USD "000"	CBN TEMPLATE USD "000"	NOTES
Jan-01		90,099	90,099	
Feb-01		90,099	90,099	
Mar-01		54,710	54,710	
Apr-01		54,710	54,710	
May-01		54,710	54,710	
Jun-01		54,710	54,710	
Jul-01	A	54,710	68,618	A
Aug-01		54,710	54,710	
Sep-01		54,710	54,710	
Oct-01		54,710	54,710	
Nov-01		40,805	40,805	
Dec-01		40,805	40,805	
13th Mth		0	0	
Sub Total		699,488	713,396	

CAUSES OF DIFFERENCE

1) Timing difference

2000 13th Month payment by CNL paid in July 2001	A	13,908	
CASH BASIS TOTALS		<u>713,396</u>	<u>713,396</u>

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PERIOD	NOTES	CNL TEMPLATE USD "000"	CBN TEMPLATE USD "000"	NOTES
Jan-02		40,805	40,805	
Feb-02		25,224	25,224	
Mar-02		15,014	15,014	
Apr-02		21,729	21,729	
May-02		21,729	21,729	
Jun-02		21,729	21,729	
Jul-02		22,510	22,510	
Aug-02		18,504	18,504	
Sep-02		18,504	18,504	
Oct-02		40,597	0	
Nov-02		40,597	81,194	
Dec-02		40,597	40,597	
13th Mth	A	35,047	0	
Sub Total		362,586	327,539	

CAUSES OF DIFFERENCE

1) Timing difference

2002 13th month accrual by CNL paid August 2003	A	(35,047)	
1999 additional payment made in June 2002 by CNL .		4,067	4,067
CASH BASIS TOTALS		<u>331,606</u>	<u>331,606</u>

Year 2003					
PERIOD	NOTES	CNL TEMPLATE USD "000"	CBN TEMPLATE USD "000"	NOTES	
Jan-03		40,597	40,597		
Feb-03		40,597	40,597		
Mar-03		36,054	36,054		
Apr-03		36,054	36,054		
May-03		36,054	36,054		
Jun-03		49,074	49,074		
Jul-03		49,074	49,074		
Aug-03		49,074	49,074		
Sep-03		44,660	44,660		
Oct-03		44,650	44,650		
Nov-03		44,650	44,650		
Dec-03		44,650	44,650		
13th Mth	A	69,820	0		
Sub Total		584,998	515,188		

CAUSES OF DIFFERENCE

1) Timing difference

2003 13th month accrual by CNL paid July 2004	A	(69,820)		
2002 13th mth of \$35,047,000 was paid by CNL in August 2003		35,047	35,047	
CASH BASIS TOTALS		<u>554,034</u>	<u>550,234</u>	

Year 2004					
PERIOD	NOTES	CNL TEMPLATE USD "000"	CBN TEMPLATE USD "000"	NOTES	
Jan-04		24,585	24,585		
Feb-04		24,585	24,585		
Mar-04		31,656	31,656		
Apr-04		31,656	31,656		
May-04		31,656	31,656		
Jun-04		31,656	31,656		
Jul-04	A	72,380	142,200	A	
Aug-04		72,380	72,380		
Sep-04		81,461	81,461		
Oct-04		81,461	81,461		
Nov-04		115,029	115,029		
Dec-04		108,531	108,531		
13th Mth		0			
Sub Total		707,036	776,856		

CAUSES OF DIFFERENCE

1) Timing difference

2003 13th month payment by CNL in July 2004	A	69,820		
CASH BASIS TOTALS		<u>776,856</u>	<u>776,856</u>	

CNL VERIFICATION TABLE FOR PPT PAYMENT (1999-2004)

Year of operation	Balance at 1st January USD "000"	Payment /Refunds USD "000"	P&L charge for the year USD "000"	P&L charge for prior year USD "000"	Balance at 31st December USD "000"
1998 \$ Prior	-	70,814	(89,556)	44,840	26,098
1999	26,098	307,662	(351,065)	18,132	827
2000	827	766,864	(790,367)	23,503	827
2001	827	585,319	(611,142)	26,788	1,792
2002	1,792	373,745	(391,044)	14,586	(921)
2003	(921)	552,974	(559,494)	8,165	724
2004	724	813,725	(761,823)	(54,692)	(2,066)

CNL RESERVE ADDITION BONUS (1999-2004)

Year	Amount Claimed USD "000"	Amount Refunded USD "000"	Explanations
1998 \$ Prior	30,240	-	See PPT Returns for 1998 Year of Assessment.
1999	21,334	-	
2000	-	-	
2001	-	-	
2002	-	-	
2003	-	-	
2004	-	-	

1-3-2 TOPCON PPT Data Reconciliation
Year 2000

PERIOD	NOTES	TOPCON USD "000"	CBN USD "000"	NOTES
Jan-00		0	0	
Feb-00		0	0	
Mar-00		206	206	
Apr-00		688	688	
May-00		304	304	
Jun-00		599	599	
Jul-00		484	484	
Aug-00		484	484	
Sep-00		366	366	
Oct-00		1,560	1,560	
Nov-00		1,385	1,385	
Dec-00		1,385	1,385	
13th Mth	A	6,788	0	
Sub Total		14,249	7,461	

CAUSES OF DIFFERENCE

1) Timing difference

2000 13th Mth accrual by TOPCON paid in Oct 2001	A	(6,788)		
CASH BASIS TOTALS		7,461	7,461	

Year 2001	NOTES	TOPCON USD "000"	CBN USD "000"	NOTES
PERIOD				
Jan-01		1,763	1,763	
Feb-01		1,763	1,763	
Mar-01		2,324	2,324	
Apr-01		2,190	2,190	
May-01		2,068	2,068	
Jun-01		1,642	1,642	
Jul-01		1,682	1,682	
Aug-01		1,435	1,435	
Sep-01		4,028	0	
Oct-01	A	3,331	14,147	A
Nov-01		3,584	3,584	
Dec-01		1,991	1,991	
13th Mth		0	0	
Sub Total		27,801	34,589	

CAUSES OF DIFFERENCE

Timing difference

2000 13th Mth payment by TOPCON in Oct 2001	A	6,788		
CASH BASIS TOTALS		<u>34,589</u>	<u>34,589</u>	

Year 2002	NOTES	TOPCON USD "000"	CBN USD "000"	NOTES
PERIOD				
Jan-02		1,991	1,991	
Feb-02		0	0	
Mar-02		0	0	
Apr-02		0	0	
May-02		0	0	
Jun-02		0	0	
Jul-02		0	2,022	
Aug-02		2,022	0	
Sep-02		2,022	2,022	
Oct-02		2,022	2,022	
Nov-02		2,022	2,022	
Dec-02		2,022	2,022	
13th Mth	A	2,898	0	
Sub Total		14,999	12,101	

CAUSES OF DIFFERENCE

Timing difference

2002 13th month accrual by TOPCON paid in Nov 2003	A	(2,898)	
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CASH BASIS TOTALS		<u>12,101</u>	<u>12,101</u>
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Year 2003	NOTES	TOPCON	CBN	NOTES
PERIOD		USD "000"	USD "000"	
Jan-03		423	0	
Feb-03		423	0	
Mar-03		423	423	
Apr-03		810	423	
May-03		810	423	
Jun-03		810	810	
Jul-03		810	810	
Aug-03		810	810	
Sep-03		810	810	
Oct-03		749	810	
Nov-03	A	749	810	
Dec-03	B	749	749	
13th Mth	C	14,049	0	
Sub Total		22,425	6,878	

CAUSES OF DIFFERENCE

1) Timing difference

Payment reported in TOPCON template in 2003 but not made until January 2004	A	(749)	
Payment reported in TOPCON template in 2003 but not made until January 2004	B	(749)	
2003 13th month accrual by TOPCON paid in Nov 2004	C	(14,049)	
2002 13th mth of \$2,898,000 was paid by CNL in November 2003		2,898	2,898
CASH BASIS TOTALS		9,776	9,776

Year 2004	NOTES	TOPCON USD "000"	CBN USD "000"	NOTES
PERIOD				
Jan-04	A	610	749	
Feb-04	B	610	749	
Mar-04		610	610	
Apr-04		610	610	
May-04		610	610	
Jun-04		610	610	
Jul-04	C	610	14,659	C
Aug-04		610	610	
Sep-04		2,913	610	
Oct-04		2,913	610	
Nov-04	D	2,913	2,913	
Dec-04	E	2,913	2,913	
13th Mth		0	0	
Sub Total		16,532	26,253	

CAUSES OF DIFFERENCE

Timing difference

Payment reported in TOPCON template in 2004 but not made until 2005	D	(2,913)	
Payment reported in TOPCON template in 2004 but not made until 2005	E	(2,913)	
2003 13th month payment by TOPCON July 2004	C	14,049	
November 2003 accrual paid in January 2004 by TOPCON	A	749	
December 2003 accrual paid in February 2004 by TOPCON	B	749	

CASH BASIS TOTALS **26,253** **26,253**

TOPCON VERIFICATION TABLE FOR PPT PAYMENT (1999-2004)

Year of operation	Balance at 1st January USD "000"	Payment /Refunds USD "000"	P&L charge for the year USD "000"	P&L charge for prior year USD "000"	Balance at 31st December USD "000"
1998 \$ Prior	13,594	981	1,939	7,906	24,420
1999	24,420	-	(11,100)	9,600	22,920
2000	22,920	17,772	(33,360)	(7,332)	-
2001	-	26,266	(23,379)	(1,245)	1,642
2002	1,642	15,032	(6,535)	(10,139)	-
2003	-	22,427	(14,983)	(7,444)	-
2004	-	16,528	(33,731)	25,231	8,028

1-3-3 COCNL PPT Data Reconciliation

Year 2000

PERIOD	NOTES	COCNL TEMPLATE	CBN TEMPLATE	NOTES
		USD "000"	USD "000"	
Jan-00		0	0	
Feb-00		0	0	
Mar-00		205	205	
Apr-00		416	416	
May-00		416	416	
Jun-00		416	0	
Jul-00		1,525	416	
Aug-00		1,525	3,050	
Sep-00		3,518	3,518	
Oct-00		3,518	3,518	
Nov-00		3,518	3,518	
Dec-00		7,535	7,535	
13th Mth	D	4,445	0	
Sub Total		27,037	22,592	

CAUSES OF DIFFERENCE

1) Timing difference

2000 13th mth accrual by COCNL paid in Feb 2002	D	(4,445)	
CASH BASIS TOTALS		22,592	22,592

Year 2001

PERIOD	NOTES	COCNL TEMPLATE USD "000"	CBN TEMPLATE USD "000"	NOTES
Jan-01		7,535	7,535	
Feb-01		7,535	7,535	
Mar-01		1,919	1,919	
Apr-01		1,919	1,919	
May-01		1,919	1,919	
Jun-01		1,700	1,700	
Jul-01		1,700	1,700	
Aug-01		0	0	
Sep-01		0	0	
Oct-01		0	0	
Nov-01		0	0	
Dec-01		0	0	
13th Mth	A	6,517	0	
Sub Total		30,744	24,227	

CAUSES OF DIFFERENCE

Timing difference

2000 13th mth accrual by COCNL paid after 2004.	A	(6,517)	
2000 13th mth of \$4,445,000 was paid by COCNL in Feb 2002		4,445	4,445
CASH BASIS TOTALS		<u>28.672</u>	<u>28.672</u>

Year 2002

PERIOD	NOTES	COCNL	CBN	NOTES
		TEMPLATETEMPLATE	TEMPLATETEMPLATE	
		USD "000"	USD "000"	
Jan-02	C	2,623	0	
Feb-02	C	2,623	5,239	C
Mar-02		0		
Apr-02		0		
May-02		0		
Jun-02		0		
Jul-02		2,182	2,182	
Aug-02		2,182	0	
Sep-02		2,182	4,364	
Oct-02		0	0	
Nov-02		0	0	
Dec-02		0	0	
13th Mth	A	4,100	0	
Sub Total		15,886	11,785	

CAUSES OF DIFFERENCE

1) Timing difference

2002 13th mth accrual by COCNL A
 paid in Sept 2003 (4,100)

CASH BASIS TOTALS 11,785 11,785

Year 2003

PERIOD	NOTES	COCNL	CBN	NOTES	
		TEMPLAT	TEMPLATE		
		USD "000"	USD "000"		
Jan-03		0	0		
Feb-03		0	0		
Mar-03		659	659		
Apr-03		659	659		
May-03		659	659		
Jun-03		565	565		
Jul-03		565	565		
Aug-03		565	565		
Sep-03		565	565		
Oct-03	B	565	0		B
Nov-03		565	565		
Dec-03		328	328		
13th Mth	A	13,950	0		
Sub Total		19,645	5,130		

CAUSES OF DIFFERENCE

1) Timing difference

2003 accrual by COCNL paid in July 2004	(13,950)	
2002 13th mth of \$4,100,000 was paid by COCNL in Sept 2003	4,100	4100
CASH BASIS TOTALS	<u>9,795</u>	<u>9,230</u>

2) Other Factor

Payment by COCNL with evidence of Bank Statement & FIRS Receipt not in CBN records COCNL has requested their bank to trace Payment to FRB	B	(565)
ADJUSTED TOTALS		<u>9,230</u>

Year 2004

PERIOD	NOTES	COCNL	CBN	NOTES
		TEMPLATE	TEMPLATE	
		USD "000"	USD "000"	
Jan-04		328	328	
Feb-04		328	328	
Mar-04		519	519	
Apr-04		519	519	
May-04		519	519	
Jun-04		519	519	
Jul-04		519	519	
Aug-04		519	519	
Sep-04		519	519	
Oct-04		519	519	
Nov-04		2,096	2,096	
Dec-04		2,096	2,096	
13th Mth	A	4,507	0	
Sub Total		13,507	9,000	

CAUSES OF DIFFERENCE

NOTES Timing difference

2004 13th mth accrual by COCNL paid in August 2005	A	(4,507)	
2003 13th mth of \$13,950,000 was paid by COCNL in July 2004		13,950	13,950
CASH BASIS TOTALS		<u>22,950</u>	<u>22,950</u>

COCNL VERIFICATION TABLE FOR PPT PAYMENT (1999-2004)

Year of operation	Balance at 1st January USD "000"	Payment /Refunds USD "000"	P&L charge for the year USD "000"	P&L charge for prior year USD "000"	Balance at 31st December USD "000"
1998 \$ Prior					
1999	-	-	(5,559)	388	(5,171)
2000	(5,171)	42,106	(39,701)	4,619	1,853
2001	1,853	20,919	(22,507)	1,637	1,902
2002	1,902	10,646	(10,741)	95	1,902
2003	1,902	20,302	(19,926)	-	2,278
2004	2,278	14,536	(24,146)	-	(7,332)

COCNL RESERVE ADDITION BONUS (1999-2004)

Year	Amount Claimed USD "000"	Amount Refunded USD "000"	Explanations
1998 \$ Prior			
1999	9,866	-	See Schedule 14 on 1999 Audited Fin Statements for details
2000	-	-	
2001	-	-	
2002	-	-	
2003	-	-	
2004	-	-	

1 - 4 PETROLEUM PROFIT TAX - ELF

We observed the following:

1. There was no evidence of monitoring / control from FIRS to ensure there is no under payment of PPT. FIRS merely lifted the operator's figures into the assessment sent to the operator in the years under consideration.

The operator was however of the view that FIRS occasionally raised queries on the PPT returns. These queries were responded to promptly. Sometimes, additional assessments were made and payment effected within the stipulated period of 21 days or objected to with reasons for objection within the same time frame of 21 days.

2. There was no uniformity in the reporting standards between operators, CBN and FIRS.
3. There is two months lag between when return is filed by operator and when receipts is issued by FIRS.

The operator however said that receipts were obtained from the FIRS for PPT instalments paid to the FGN. The instalments were paid two months in arrears as prescribed by Section 42 (1 & 2) of the PPTA. Expectedly, there will be a time frame for the CBN to confirm the receipt of the funds to the FIRS, who then issue the receipts.

PETROLEUM PROFIT TAX (PPT)

PERIOD	EPNL TEMPLATE	CBN TEMPLATE
Jan-99	1,000	1,500
Feb-99	1,000	1,500
Mar-99	1,000	1,000
Apr-99	1,000	1,000
May-99	1,000	1,000
Jun-99	1,000	1,000
Jul-99	2,000	1,000
Aug-99	2,000	1,000
Sep-99	2,000	2,000
Oct-99	2,000	2,000
Nov-99	5,055	2,000
Dec-99	5,055	2,000
13th Month	8,798	
	32,908	17,000

CAUSES OF DIFFERENCE

1 Timing Differences

Nov & Dec. 1998 payments reported by EPNL in 1998 but made in 1999

Jan-99	1,500	
Feb-99	1,500	

Payment reported by EPNL in 1999 but not made until 2000

Nov-99	(5,055)	
Dec-99	(5,055)	

1999 13th month accrual by EPNL to be paid along with May 2000 PPT installment

	(8,798)	
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CASH BASIS TOTALS

	17,000	17,000
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PETROLEUM PROFIT TAX (PPT)

PERIOD	EPNL TEMPLATE	CBN TEMPLATE
Jan-00	5,328	5,055
Feb-00	15,928	5,055
Mar-00	15,928	5,328
Apr-00	15,928	15,928
May-00	25,049	24,725 (Includes 1999 13th month of \$8,798)
Jun-00	25,049	15,928
Jul-00	40,122	25,049
Aug-00	50,023	25,049
Sep-00	50,023	40,122
Oct-00	50,023	50,023
Nov-00	75,000	50,023
Dec-00	75,000	50,023
13th Month	<u>32,049</u>	<u>0</u>
	475,450	312,308

CAUSES OF DIFFERENCE

Timing Differences

EPNL Nov. & Dec. 1999 Payments reported by
 EPNL in 1999 but made in 2000

Jan-00	5,055
Feb-00	5,055

Payments reported by EPNL in 2000 but not
 made until 2001.

Nov-00	(75,000)
Dec-00	(75,000)

2000 13th month accrual by EPNL paid along
 with March 2001 PPT installment:

1999 13th month payment made by EPNL along with 2000 PPT installment	(32,049)
	<u>8,798</u>

CASH BASIS TOTAL

312,309	312,308
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PETROLEUM PROFIT TAX (PPT)

PERIOD	EPNL TEMPLATE	CBN TEMPLATE
Jan-01	20,093	75,000
Feb-01	20,093	75,000
Mar-01	20,093	20,093
Apr-01	20,093	20,093
May-01	25,034	52,149 (includes 2001 13th months of \$32,049)
Jun-01	25,034	20,093
Jul-01	18,762	25,034
Aug-01	18,762	25,034
Sep-01	18,762	18,762
Oct-01	18,762	18,762
Nov-01	18,762	18,762
Dec-01	48,003	18,762
13th Month	<u>20,200</u>	<u>0</u>
	292,453	387,544

CAUSES OF DIFFERENCE

1 Timing Differences

Payments reported by EPNL in 2001 but not made until 2002

Nov-01	(18,762)
Dec-01	(48,003)

2001 13th month accrued by EPNL but paid in May 2002

(20,200)

Payments reported by EPNL in 2000 but made in 2001

Jan-01	75,000
Feb-01	75,000

2000 13th month accrued by EPNL but paid in May 2001.

32,049

CASH BASIS TOTALS

387,537

387,544

PETROLEUM PROFIT TAX (PPT)

PERIOD	EPNL	CBN
	TEMPLATE	TEMPLATE
	US\$'000	US\$'000
Jan-02	5,025	18,762
Feb-02	5,025	48,003
Mar-02	5,025	5,025
Apr-02	5,025	5,025
May-02	5,025	25,225 (includes 2001 13th month of \$20,200)
Jun-02	5,025	5,025
Jul-02	5,025	5,025
Aug-02	5,025	5,025
Sep-02	5,025	5,025
Oct-02	5,025	5,025
Nov-02	2,153	5,025
Dec-02	1,640	5,025
13th Month	90	
	54,133	137,215

CAUSES OF DIFFERENCE

1 Timing Differences

Payments reported by EPNL in 2002 but not made until 2003

Nov-02	(2,153)
Dec-02	(1,640)

2002 13th month accrual by EPNL paid in May 2003

(90)

Payment reported by EPNL in 2001 but made in 2002

Jan-02	18,762
Feb-02	48,003

2001 13th month payment made by EPNL along with May 2002 PPT Instalment

20,200

CASH BASIS TOTALS

137,215

137,215

PETROLEUM PROFIT TAX (PPT)

PERIOD	EPNL	CBN
	TEMPLATE US\$'000	TEMPLATE US\$'000
Jan-03	13,454	2,153
Feb-03	13,454	1,640
Mar-03	13,454	13,454
Apr-03	13,454	13,454
May-03	13,454	13,544 (includes 2002 13th month of \$90)
Jun-03	13,454	13,454
Jul-03	13,454	13,454
Aug-03	35,075	13,454
Sep-03	35,075	13,454
Oct-03	35,075	35,075
Nov-03	70,150	35,075
Dec-03	70,150	35,075
13th Month	<u>42,508</u>	<u>0</u>
	382,211	203,286

CAUSES OF DIFFERENCE

1 Timing Differences

2002 13th month instalment paid by EPNL along with March in 2003 PPT installment 90

2003 13th month payment not reported by CBN in 2003 but made by EPNL in May 2004 (42,508)

Payment reported by EPNL in 2002 but made 2003

Jan-03 2,153
Feb-03 1,640

Payment reported by EPNL in 2003 but made 2004

Nov-03 (70,150)
Dec-03 (70,150)

CASH BASIS TOTAL

203,286 **203,286**

PETROLEUM PROFIT TAX (PPT)

PERIOD	EPNL	CBN
	TEMPLATE	TEMPLATE
	US\$'000	US\$'000
Jan-04	15,380	70,150
Feb-04	15,380	70,150
Mar-04	15,380	15,380
Apr-04	72,275	15,380
May-04	72,275	57,888 (includes 2003 13th month of \$42,508)
Jun-04	72,275	72,275
Jul-04	72,275	72,275
Aug-04	150,259	72,275
Sep-04	150,259	72,275
Oct-04	150,259	150,259
Nov-04	297,833	150,259
Dec-04	290,187	150,259
13th Month	80,683	0
	1,454,720	968,825

CAUSES OF DIFFERENCE

1 Timing Differences

Payments reported by EPNL in 2003 but made in 2004

Jan-04	70,150
Feb-04	70,150

2003 13th month PPT paid along with March 2004 Instal

42,508

2004 13th month accrual to be paid in March 2005

(80,683)

Payments reported by EPNL in 2004 but not made until 2005

Nov-04	(297,833)
Dec-04	(290,187)

CASH BASIS TOTALS

968,825

968,825

1.5 PPT - NAOC

We observed that following:

- 1) There was no evidence of monitoring from FIRS. FIRS used NAOC's self assessment as basis for payment.
- 2) Sometimes queries are raised on NAOC's self assessment by FIRS and NAOC responds accordingly.
- 3) There was no uniformity in the reporting standard between operator, CBN and FIRS.

PETROLEUM PROFIT TAX (PPT) - 1999

PERIOD	NAOC VS CBN DATA RECONCILIATION	
	NAOC TEMPLATE US\$'000	CBN TEMPLATE US\$'000
Jan-99	-	-
Feb-99	-	-
Mar-99	1,046	1,046
Apr-99	1,046	1,046
May-99	1,046	1,046
Jun-99	2,108	2,108
Jul-99	2,108	2,108
Aug-99	2,103	2,103
Sep-99	5,560	5,560
Oct-99	5,560	5,560
Nov-99	5,560	5,560
Dec-99	5,560	5,560
CASH BASIS TOTALS	<u>31,697</u>	<u>31,697</u>

PETROLEUM PROFIT TAX (PPT) - 2000

NAOC VS CBN DATA RECONCILIATION

PERIOD	NAOC TEMPLATE US\$'000	CBN TEMPLATE US\$'000
Jan-00	8,591	8,591
Feb-00	8,591	8,591
Mar-00	9,532	9,532
Apr-00	9,532	9,532
May-00	11,536	11,536
Jun-00	11,536	11,536
Jul-00	11,536	11,536
Aug-00	11,536	11,536
Sep-00	11,536	11,536
Oct-00	26,327	26,327
Nov-00	33,678	33,678
Dec-00	39,534	39,534
13th month	30,622	
	224,087	193,465

CAUSES OF DIFFERENCE

TIMING DIFFERENCES

2000 13th month accrual paid by
 NAOC in May 2001

(30,622)	
193,465	193,465

CASH BASIS TOTALS

PETROLEUM PROFIT TAX (PPT) - 2001

NAOC VS CBN DATA RECONCILIATION

PERIOD	NAOC TEMPLATE US\$'000	CBN TEMPLATE US\$'000
Jan-01	53,071	53,071
Feb-01	66,852	66,852
Mar-01	15,005	15,005
Apr-01	15,005	15,005
May-01	15,005	45,627 (2000 13th month of \$30,622 included)
Jun-01	15,005	15,005
Jul-01	15,005	15,005
Aug-01	20,040	20,040
Sep-01	20,040	20,040
Oct-01	20,040	20,040
Nov-01	20,040	20,040
Dec-01	20,040	20,040
13th month	14,615	0
CASH BASIS TOTAL	309,763	325,770

CAUSES OF DIFFERENCE

TIMING DIFFERENCES

2000 13th month payment made by NAOC in May '01

30,622

2001 13th month accrual paid by NAOC in May 2002

(14,615)

CASH BASIS TOTALS

325,770

325,770

PETROLEUM PROFIT TAX (PPT) - 2002

NAOC VS CBN DATA RECONCILIATION

PERIOD	NAOC TEMPLATE US\$'000	CBN TEMPLATE US\$'000
Jan-02	26,596	26,596
Feb-02	26,596	26,596
Mar-02	16,121	16,121
Apr-02	16,121	16,121
May-02	16,121	30,736 (includes 2001 13th month of \$14,615)
Jun-02	16,121	16,121
Jul-02	12,156	12,156
Aug-02	12,156	12,156
Sep-02	12,156	12,156
Oct-02	12,156	12,156
Nov-02	12,156	12,156
Dec-02	12,156	12,156
13th Month	2,184	
	192,796	205,227
CAUSES OF DIFFERENCE		
TIMING DIFFERENCE		
2002 13th month accrual paid by NAOC paid in May '03	(2,184)	
2001 13th month payment made by NAOC in May 2002	14,615	
CASH BASIS TOTAL	205,227	205,227

PETROLEUM PROFIT TAX (PPT) - 2003

NAOC VS CBN DATA RECONCILIATION

PERIOD	NAOC TEMPLATE US\$'000	CBN TEMPLATE US\$'000
Jan-03	12,156	12,156
Feb-03	12,156	12,156
Mar-03	12,899	12,899
Apr-03	12,899	12,899
May-03	12,899	15,083 (includes 2002 13th month of \$2,184)
Jun-03	12,899	12,899
Jul-03	12,899	12,899
Aug-03	12,899	12,899
Sep-03	25,647	25,647
Oct-03	30,245	30,245
Nov-03	35,104	35,104
Dec-03	42,027	42,027
13th Month	5,910	0
	<u>240,639</u>	<u>236,913</u>

CAUSES OF DIFFERENCE

TIMING DIFFERENCE

2002 13th month payment made by NAOC in May 2003.

2,184

2003 13th month payment made by NAOC in May 2004

(5,910)

CASH BASIS TOTAL

236,913

236,913

PETROLEUM PROFIT TAX (PPT) - 2004

NAOC VS CBN DATA RECONCILIATION

PERIOD	NAOC TEMPLATE US\$'000	CBN TEMPLATE US\$'000
Jan-04	49,743	49,743
Feb-04	79,381	79,381
Mar-04	20,149	20,149
Apr-04	21,008	21,008
May-04	29,232	35,026
Jun-04	30,812	30,928
Jul-04	35,731	35,731
Aug-04	38,991	38,991
Sep-04	43,355	43,355
Oct-04	47,515	47,515
Nov-04	53,604	53,604
Dec-04	64,050	64,050
13th Month	0	0
	513,571	519,481

CAUSES OF DIFFERENCE

TIMING DIFFERENCE

2003 13th month payment made by NAOC in
 May 2004 (included in \$35,026 in CBN)

5,794

Balance of 2003 13th month payment made
 in June 2004 (included in \$30,928 in CBN)

116

CASH BASIS TOTAL

519,481

519,481

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
FINANCIAL AUDIT REPORT. (1999 – 2004)**

Observations

Pan Ocean's Template figures have been validated and compared with CBN Template. Differences between both Template figures are stated below:

**PPT RECONCILIATION
PAN OCEAN OIL CORPORATION
PERIOD**

YEAR (1999)	NOTE	Pan Ocean (\$'000)	CBN (\$'000)	NOTE
Jan-99		47		
Feb-99		-		
Mar-99		24		
Apr-99		-		
May-99		-	47	
Jun-99		-		
Jul-99		-		
Aug-99		-		
Sep-99		8	24	
Oct-99		-		
Nov-99	A	8	8	
Dec-99		-	-	
Total		87	79	

**CAUSES OF DIFFERENCE
TIMING DIFFERENCE**

Nov'99 Payment captured by CBN in Jan'00	A	(8)	
Cash Basis Total		79	79

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
FINANCIAL AUDIT REPORT. (1999 – 2004)**

**PPT RECONCILIATION
PAN OCEAN OIL CORPORATION**

PERIOD YEAR (2000)	NOTE	Pan Ocean (\$'000)	CBN (\$'000)	NOTE
Jan-00		8	8	A
Feb-00		-	-	
Mar-00		223	8	
Apr-00		-	-	
May-00		-	223	
Jun-00		74	74	
Jul-00		74	74	
Aug-00		74	74	
Sep-00		74	74	
Oct-00		74	74	
Nov-00	B	247	-	
Dec-00		-	-	
Total		848	609	

**CAUSES OF DIFFERENCE
TIMING DIFFERENCE**

Nov'00 payment captured by CBN in Jan'01	B	(247)		
Nov'99 Payment captured by CBN in Jan'00	A	8		
Cash Basis Total		609	609	

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
FINANCIAL AUDIT REPORT. (1999 – 2004)**

**PPT RECONCILIATION
PAN OCEAN OIL CORPORATION**

PERIOD YEAR (2001)	NOTE	Pan Ocean (\$'000)	CBN NOTE (\$'000)	
Jan-01		247	247	A
Feb-01		-	247	
Mar-01		155	155	
Apr-01		155	155	
May-01		155	155	
Jun-01		155	-	
Jul-01		155	155	
Aug-01		155	155	
Sep-01		155	155	
Oct-01		116	155	
Nov-01	B	311	116	
Dec-01		-	-	
Total		1,759	1,695	

**CAUSES OF DIFFERNCE
TIMING DIFFERENCE**

Nov'00 payment captured by CBN in Jan'01	A	247		
Nov'01 payment captured bu CBN in Jan'02	B	(311)		
Cash Basis Total		1,695	1,695	

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
FINANCIAL AUDIT REPORT. (1999 – 2004)**

**PPT RECONCILIATION
PAN OCEAN OIL CORPORATION**

PERIOD YEAR (2002)	NOTE	Pan Ocean (\$'000)	CBN (\$'000)	NOTE
Jan-02		311	311	A
Feb-02		-	-	
Mar-02		168	311	
Apr-02		168	168	
May-02		168	-	
Jun-02		168	168	
Jul-02		168	168	
Aug-02		168	168	
Sep-02		168	168	
Oct-02	B	168	168	
Nov-02	C	337	168	
Dec-02		-	-	
Total		1,992	1,798	

**CAUSES OF DIFFERENCE
TIMING DIFFERENCE**

Nov'01 payment captured by CBN in Jan'02	A	311		
Nov'02 payment captured by CBN in Jan'03	B	(168)		
Dec'02 payment captured by CBN in Feb'03	C	(337)		
Cash Basis Total		1,798	1,798	

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
FINANCIAL AUDIT REPORT. (1999 – 2004)**

**PPT RECONCILIATION
PAN OCEAN OIL CORPORATION
PERIOD
YEAR (2003)**

	NOTE	Pan Ocean (\$'000)	CBN (\$'000)	NOTE
Jan-03	A	168	504	A
Feb-03	A	168	337	B
Mar-03		497	497	
Apr-03		497	497	
May-03		497	497	
Jun-03		543	-	
Jul-03		543	1,086	
Aug-03		543	-	
Sep-03		543	543	
Oct-03		543	1,086	
Nov-03		543	543	
Dec-03	C	543	-	
Total		<u>5,628</u>	<u>5,590</u>	

**CAUSES OF DIFFERENCE
TIMING DIFFERENCE**

Nov'02 payment captured by CBN in Jan'03	A	168		
Dec'02 payment captured by CBN in Feb'03	B	337		
Dec'03 payment captured by CBN in Jan'04	C	(543)		
Cash Basis Total		<u><u>5,590</u></u>	<u><u>5,590</u></u>	

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
FINANCIAL AUDIT REPORT. (1999 – 2004)**

**PPT RECONCILIATION
PAN OCEAN OIL CORPORATION
PERIOD**

YEAR (2004)	NOTE	Pan Ocean (\$'000)	CBN (\$'000)	NOTE
Jan-04		543	543	A
Feb-04		543	1,086	
Mar-04		799	-	
Apr-04		799	-	
May-04		799	-	
Jun-04		799	3,196	
Jul-04		799	799	
Aug-04		799	-	
Sep-04		799	799	
Oct-04		799	799	
Nov-04		799	799	
Dec-04		-	799	
Total		8,277	8,820	

**CAUSES OF DIFFERENCE
TIMING DIFFERENCE**

Dec'03 payment captured by
CBN in Jan'04
Cash Basis Total

A	543	
	8,820	8,820

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
FINANCIAL AUDIT: Report on the Financial Flows 1999- 2004**

1-7 PETROLEUM PROFIT TAX: ADDAX

OBSERVATIONS AND MATTERS ARISING

1. We observed that Addax did not make PPT payments during year 1999, 2000 and 2001. Addax and NNPC are reconciling PPT payments made by Addax in 1999 to 2003. This reconciliation has not been completed at the time of this report. NSWG should follow up this issue with Addax and NNPC and collect the PPT outstanding against Addax for the period.
2. The US\$10.010 million erroneously paid to NNPC by Addax has been transferred into Federation Account with reference to NNPC Letter dated 13 Nov. 2003
3. Effective from 2004 Addax has not been paying PPT in cash but in kind through crude to NNPC.
4. Other reconciliation issues raised by us have been cleared by Addax

PPT DATA RECONCILIATION

ADDAX PETROLEUM NIGERIA LIMITED

PERIOD (YEAR 2002)	NOTE	ADDAX (\$'000)	CBN (\$'000)	NOTE
Jan-02		-	-	
Feb-02		-	-	
Mar-02		-	-	
Apr-02		-	-	
May-02		-	-	
Jun-02		-	-	
Jul-02		2,839	-	
Aug-02		-	-	
Sep-02		-	2,839	
Oct-02		-	-	
Nov-02		-	-	
Dec-02		-	-	
Cash Basis Totals		<u>2,839</u>	<u>2,839</u>	

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
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PPT DATA RECONCILIATION

ADDAX PETROLEUM NIGERIA LIMITED

PERIOD

(YEAR 2003)

	NOTE	ADDAX (\$'000)	CBN (\$'000)	NOTE
Jan-03		-	-	
Feb-03		-	-	
Mar-03		-	-	
Apr-03		2,496	-	
May-03		2,496	-	
Jun-03		2,496	-	
Jul-03		29,590	2,496	
Aug-03		2,496	29,590	
Sep-03		2,496	2,496	
Oct-03	A	2,496	4,992	
Nov-03	B	2,496	2,496	
Dec-03		7,557	7,557	
13th month		<u>7,557</u>	<u>7,557</u>	
Cash Basis Total		62,176	57,184	

CAUSES OF DIFFERENCE

TIMMING DIFFERENCE

Sept payment reported by CBN Feb, 04

A (2,496)

Oct payment reported by CBN Feb, 04

B (2,496)

Cash Basis Totals**57,184****57,184**

PPT DATA RECONCILIATION

ADDAX PETROLEUM NIGERIA LIMITED

PERIOD

(YEAR 2004)

	NOTE	ADDAX (\$'000)	CBN (\$'000)	NOTE
Jan-04		7,557	7,557	
Feb-04		7,557	4,992	A
Mar-04		-	7,557	
Apr-04		-	-	
May-04		7,557	7,557	
Jun-04		21,055	-	
Jul-04		-	21,055	
Aug-04		-	-	
Sep-04		-	-	
Oct-04		-	-	
Nov-04		-	-	
Dec-04		-	-	
TOTAL		<u>43,726</u>	<u>48,718</u>	

OTHER FACTORS

TIMMING DIFFERENCE

Sept'03 payment reported by CBN in Feb'04

A 2496

Oct'03 payment reported by CBN in Feb'04

A 2496

CASH BASIS TOTALS**48,718****48,718**

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
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1-8 Petroleum Profit Tax (PPT) – Amni

Company's payment of US\$318,000 in 1999 has not been traced in CBN

PPT RECONCILIATION AMNI INT. PETROLEUM

		AMNI (\$'000)	CBN (\$'000)
Jan - Dec. 1999	A	<u>318</u>	<u>-</u>
Sub-Total		318	-
OTHER FACTORS			
Payment by Amni not traced in CBN	A	<u>(318)</u>	<u>-</u>
CASH BASIS TOTALS		<u>-</u>	<u>-</u>

NOTE A

1999 PPT Payment is not traced in CBN

PPT RECONCILIATION AMNI INT. PETROLEUM

	AMNI (\$'000)	CBN (\$'000)
Jan - Dec. 2003	<u>530</u>	<u>530</u>
CASH BASIS TOTALS	<u>530</u>	<u>530</u>

	AMNI (\$'000)	CBN (\$'000)
Jan - Dec. 2004	<u>859</u>	<u>859</u>
CASH BASIS TOTALS	<u>859</u>	<u>859</u>

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
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1-9 PETROLEUM PROFIT TAX: ATLAS

OBSERVATIONS AND MATTERS ARISING

During our review we observed that Atlas did not make PPT payments during the period 1999 to 2004, but later made payment of the sum of \$83,790.52 for 2001 year of assessment with FIRS receipt number 05000008 dated 23rd September, 2005.

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
FINANCIAL AUDIT REPORT. (1999 – 2004)**

1-10-0 Petroleum Profit Tax (PPT)

1-10-1 Observation and Matters Arising

We observed that in the period under review (1999 – 2004) the company did not pay Petroleum Profit Tax and as such did not complete a template on PPT.

Further enquiry, which included review of the PPT returns revealed that the company has been carrying forward accumulated losses incurred on each year.

In 1999, the PPT returns showed a loss carried forward of USD6,626,665, by December 31, 2004, the losses have accumulated to USD8,739,771.

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
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PPT RECONCILIATION**CONSOLIDATED OIL**

PERIOD	NOTE	CONOIL	CBN	NOTE
		USD'000	USD'000	
Jan-01		0	0	
Feb-01		0	0	
Mar-01		78	78	
Apr-01		0	0	
May-01		0	0	
Jun-01		0	0	
Jul-01		0	0	
Aug-01		0	0	
Sep-01		95	0	
Oct-01		0	0	
Nov-01		12	12	
Dec-01		0	95	
CASH BASIS TOTALS		<u><u>185</u></u>	<u><u>185</u></u>	

PPT RECONCILIATION**CONSOLIDATED OIL**

PERIOD	NOTE	CONOIL	CBN	NOTE
		USD'000	USD'000	
Jan-02		12	12	
Feb-02		12	12	
Mar-02		9	9	
Apr-02		9	9	
May-02		9	9	
Jun-02		50	9	
Jul-02		9	50	
Aug-02		0	0	
Sep-02		50	50	
Oct-02		9	9	
Nov-02		50	50	
Dec-02		0	0	
CASH BASIS TOTALS		<u><u>219</u></u>	<u><u>219</u></u>	

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
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**PPT RECONCILIATION
CONSOLIDATED OIL**

PERIOD	NOTE	CONOIL USD'000	CBN USD'000	NOTE
Jan-03		9	9	
Feb-03		9	9	
Mar-03		9	9	
Apr-03		0	0	
May-03		9	9	
Jun-03		0	0	
Jul-03		1,025	1,025	
Aug-03		1,000	1,000	
Sep-03		1,015	1,015	
Oct-03		1,015	1,015	
Nov-03		1,024	1,024	
Dec-03		0	0	
TOTALS		<u>5,115</u>	<u>5,115</u>	

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
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**PPT RECONCILIATION
CONSOLIDATED OIL**

PERIOD	NOTE	CONOIL USD'000	CBN USD'000	NOTE
Jan-04		9	9	
Feb-04		1,024	1,024	
Mar-04		1,125	1,180	
Apr-04		0	0	
May-04		55	0	
Jun-04		0	0	
Jul-04		0	0	
Aug-04		0	0	
Sep-04		0	0	
Oct-04		0	303	
Nov-04		303	0	
Dec-04		0	0	
TOTALS		<u>2,516</u>	<u>2,516</u>	

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
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**CONTINENTAL OIL AND GAS
PPT**

PERIOD	NOTE	CONTINENTAL	CBN	NOTE
YEAR 2000		(\$'000)	(\$'000)	
Jan-00		-	-	
Feb-00		-	-	
Mar-00		-	-	
Apr-00		-	-	
May-00		-	-	
Jun-00		-	-	
Jul-00		-	-	
Aug-00		78	78	
Sep-00		-	-	
Oct-00		-	-	
Nov-00		234	234	
Dec-00		-	-	
CASH BASIS TOTAL		<u>312</u>	<u>312</u>	

**CONTINENTAL OIL AND GAS
PPT**

PERIOD	NOTE	CONTINENTAL	CBN	NOTE
YEAR 2000		(\$'000)	(\$'000)	
Jan-01		43	-	
Feb-01		-	-	
Mar-01		156	156	
Apr-01		-	-	
May-01		-	-	
Jun-01		-	-	
Jul-01		43	43	
Aug-01		43	43	
Sep-01		43	43	
Oct-01		-	-	
Nov-01		43	43	
Dec-01		-	43	
CASH BASIS TOTAL		<u>371</u>	<u>371</u>	

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
FINANCIAL AUDIT: Report on the Financial Flows 1999- 2004**

**CONTINENTAL OIL AND GAS
PPT**

PERIOD	NOTE	CONTINENTAL (\$'000)	CBN (\$'000)	NOTE
YEAR 2001				
Jan-02		43	43	
Feb-02		43	43	
Mar-02		43	43	
Apr-02		41	41	
May-02		41	41	
Jun-02		41	41	
Jul-02		679	679	
Aug-02		-	-	
Sep-02		-	-	
Oct-02		41	41	
Nov-02		-	-	
Dec-02		-	-	
CASH BASIS TOTAL		972	972	

**CONTINENTAL OIL AND GAS
PPT**

PERIOD	NOTE	CONTINENTAL (\$'000)	CBN (\$'000)	NOTE
YEAR 2003				
Jan-03		41	41	
Feb-03		41	41	
Mar-03		41	41	
Apr-03				
May-03		41	41	
Jun-03				
Jul-03		1,337	1,337	
Aug-03		1,000	1,000	
Sep-03		1,296	1,296	
Oct-03		1,296	1,296	
Nov-03		1,342	1,342	
Dec-03		-	-	
CASH BASIS TOTAL		6,435	6435	

**NIGERIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
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**CONTINENTAL OIL AND GAS
PPT**

PERIOD	NOTE	CONTINENTAL	CBN	NOTE
YEAR 2004		(\$'000)	(\$'000)	
Jan-04		46	46	
Feb-04		-		
Mar-04		46	46	
Apr-04				
May-04				
Jun-04				
Jul-04				
Aug-04				
Sep-04				
Oct-04		303	303	
Nov-04				
Dec-04				
CASH BASIS TOTAL		<u>395</u>	<u>395</u>	

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
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1-13 Petroleum Profit Tax (PPT) - Express

Observation

Express Petroleum and Gas Company did provide some documents for validation of figures on their template but the documents were incomplete as the company said it was all they could get at this time.

After necessary reconciliation the following figures as contained in Express templates were accruals and have not been paid

	US\$'000
2002	2,748
2001	<u>1,209</u>
	<u>3,957</u>

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
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**PPT DATA RECONCILIATION
EXPRESS PETROLEUM & GAS COMPANY LTD OIL VS CBN**

PERIOD	NOTE	EXPRESS TEMPLATE (\$'000)	CBN TEMPLATE (\$'000)	NOTE
YEAR 1999				
Jan-99	A	95	-	
Feb-99	A	95	-	
Mar-99	A	95	-	
Apr-99	A	95	-	
May-99	A	95	-	
Jun-99	A	96	-	
Jul-99	B	100	-	
Aug-99	B	100	114	C
Sep-99	B	100	-	
Oct-99	B	100	-	
Nov-99	B	100	-	
Dec-99	B	98	-	
Total		1,169	114	

Causes of Difference

Timing Differences

Jan'99 - June'99 payments
captured by CBN in Jun'00

A	(571)	-
---	-------	---

Jul'99 - Dec'99 payments
captured by CBN in Oct'00

B	(598)	-
---	-------	---

Pre 1999 accrued payment
captured by CBN in 1999

C	114	-
---	-----	---

CASH BASIS TOTALS

114	114
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**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
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**PPT DATA RECONCILIATION
EXPRESS PETROLEUM & GAS COMPANY LTD OIL VS CBN**

PERIOD	NOTE	EXPRESS TEMPLATE (\$'000)	CBN TEMPLATE (\$'000)	NOTE
YEAR 2000				
Jan-00	C	613	-	
Feb-00	D	324	-	
Mar-00	E	325	-	
Apr-00	E	325	-	
May-00		-	-	
Jun-00		-	571	A
Jul-00		-	-	
Aug-00		-	-	
Sep-00		-	-	
Oct-00		-	598	B
Nov-00		-	-	
Dec-00		-	-	
Total		1,587	1,169	

Causes of Difference

TIMING DIFFERENCE

Jan'00 accrued captured by CBN in Apr'01	C	(613)		
Feb'00 accrued captured by CBN in 2002	D	(324)		
Mar'00 & Apr'00 accrued captured by CBN in 2002	E	(650)		
Jan'99 & Jun'99 accrued captured by CBN in Jan'00	A	571		
Jul'99 & Dec'99 accrued captured by CBN in Oct'00	B	598		

CASH BASIS TOTALS

1,169	1,169
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**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
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**PPT DATA RECONCILIATION
EXPRESS PETROLEUM & GAS COMPANY LTD OIL VS CBN**

PERIOD	NOTE	EXPRESS TEMPLATE (\$'000)	CBN TEMPLATE (\$'000)	NOTE
YEAR 2001				
Jan-01	A	403	-	
Feb-01	A	403	-	
Mar-01	A	403	-	
Apr-01	C	403	613	B
May-01	C	403	-	
Jun-01	C	403	-	
Jul-01		-	-	
Aug-01		502	-	
Sep-01			-	
Oct-01		-	502	
Nov-01		-	-	
Dec-01		-	-	
Total		<u>2,920</u>	<u>1,115</u>	
Causes of Difference				
TIMING DIFFERENCE				
Jan'00 payments captured by CBN in Apr'01	B	613		
Jan'00-Mar'01 payments captured by CBN in 2002	A	<u>(1,209)</u>	<u>1,115</u>	
		<u>2,324</u>		
OTHER FACTORS				
April' 01 June' 01 accrued PPT not paid by Express Oil	C	(1,209)		
CASH BASIS TOTALS		<u><u>1,115</u></u>	<u><u>1,115</u></u>	

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**PPT DATA RECONCILIATION
EXPRESS PETROLEUM & GAS COMPANY LTD OIL VS CBN**

PERIOD	NOTE	EXPRESS (\$'000)	CBN (\$'000)	NOTE
YEAR 2002				
Jan-02	D	938	-	
Feb-02		1,059	648	G
Mar-02		1,059	-	
Apr-02	F	940	-	
May-02		940	-	
Jun-02		940	1,263	F
Jul-02	E	938		
Aug-02	B	687	2,751	
Sep-02	C	687	195	
Oct-02	B	687	1,132	
Nov-02	B	687	-	
Dec-02	B	687	1,327	
Total		<u>195</u>	<u>-</u>	
		10,444	7,316	
Causes of Difference				
TIMING DIFFERENCE				
Feb'00 payment captured by CBN in 2002	F	324		
Mar'00 - Apr'00 payments captured by CBN in 2002	G	650		
Jan'02 payment captured by CBN in Feb'03	D	(938)		
Jul'02 payment captured by CBN in Mar'03	E	(938)		
Jan'01-Mar'01 payments captured by CBN in 2002		1,209		
Sept'02 payment captured by CBN in Feb'04	C	(687)		
CASH BASIS TOTAL		<u>10,064</u>	<u>7,316</u>	
OTHER FACTORS				
Aug'02, Oct'02, Nov'02 Dec'02 accrual not yet paid by Express Oil		(2,748)		
ADJUSTED TOTAL		<u><u>7,316</u></u>	<u><u>7,316</u></u>	

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
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**PPT DATA RECONCILIATION
EXPRESS PETROLEUM & GAS COMPANY LTD OIL VS CBN**

PERIOD YEAR 2003	NOTE	EXPRESS TEMPLATE (\$'000)	CBN TEMPLATE (\$'000)	NOTE
Jan-03		195	195	
Feb-03		-	938	A
Mar-03	C	195	938	B
Apr-03		-	-	
May-03				
Jun-03				
Jul-03				
Aug-03				
Sep-03				
Oct-03				
Nov-03				
Dec-03				
Total		390	2,071	
Causes of Difference				
TIMING DIFFERENCE				
Jan'02 accrual captured by CBN in Feb'03	A	938		
Jul'02 accrual captured by CBN in Mar'03	B	938		
Mar'03 accrual captured by CBN in Feb'04	C	(195)		
CASH BASIS TOTALS		2,071	2,071	

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PPT DATA RECONCILIATION

EXPRESS PETROLEUM & GAS COMPANY LTD OIL VS CBN

PERIOD YEAR 2004	NOTE	EXPRESS TEMPLATE (\$'000)	CBN TEMPLATE (\$'000)	NOTE
Feb-04		-	880	A
Mar-04	A	-		
Apr-04		-		
May-04		-		
Jun-04		-		
Jul-04		-		
Aug-04		-		
Sep-04		-		
Oct-04		-		
Nov-04		-		
Dec-04		-		
Total		<u>-</u>	<u>880</u>	
Causes of Difference				
Timing Difference				
Mar'03 payment captured by CBN in Feb'04	A	195		
Sep'02 payment captured by CBN in Feb'04	A	687		
OTHER FACTOR				
CBN Commission		(2)		
CASH BASIS TOTALS		<u><u>880</u></u>	<u><u>880</u></u>	

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
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1-14 PETROLEUM PROFIT TAX

1- 14- 0 Observation

NPDC pays PPT in arrears through NNPC corporate Headquarters to CBN. In July 2003 a payment of \$47,425,558 was made. This payment according to FIRS receipt No. F000653 issued 25/08/03 covered 1999 - 2002 years.

According to NPDC a further PPT payment was made in 2005 that covered 2003 - 2004.

We also learnt that the company make payment of their onshore Royalty Liabilities in Local Currency (Naira) whilst offshore liabilities are made in US Dollars.

We advise NSWG to find out how the naira payments were swept into the federation account by DPR.

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
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NPDC PPT

NPDC VS CBN DATA RECONCILIATION

PERIOD	NPDC TEMPLATE US \$'000	CBN TEMPLATE US \$'000
Jan-03	-	-
Feb-03	5	-
Mar-03	-	5
Apr-03	-	-
May-03	-	-
Jun-03	-	-
Jul-03	47,426	47,307
Aug-03	-	-
Sep-03	-	-
Oct-03	-	-
Nov-03	-	-
Dec-03	-	-
Causes of Difference	<u>47,431</u>	<u>47,312</u>
CBN Commission	(119)	
Cash Basis Totals	<u><u>47,312</u></u>	<u><u>47,312</u></u>

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
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**PPT DATA RECONCILIATION
PHILIPS OIL COMPANY NIGERIA LIMITED**

PERIOD (YEAR 1999)	NOTES	PHILLIPS (\$'000)	CBN (\$'000)	NOTES
Jan-99	A	100	579	F
Feb-99	A	344		
Mar-99		155		
Apr-99	B	155	444	A
May-99	B	736	891	B
Jun-99		1,003	155	
Jul-99		3,716		
Aug-99		5,381	1,003	
Sep-99		4,800	3,716	
Oct-99		4,800	5,381	
Nov-99	C	8,100	-	
Dec-99	D	7,050	4,800	
13th month	E	347	4,800	
Total		36,687	21,769	

CAUSES OF DIFFERENCE

TIMING DIFFERENCE

Nov'99 payment captured by CBN in Jan'00	C	(8,100)		
Dec'99 payment not captured until Feb'00	D	(7,050)		
99 - 13th month paid in Jun'00	E	(347)		
Dec.98 payment reported by CBN in Jan. 99	F	579		
Cash Basis Total		21,769	21,769	

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

**PPT DATA RECONCILIATION
PHILIPS OIL COMPANY NIGERIA LIMITED**

PERIOD (YEAR 2000)	NOTES	PHILLIPS (\$'000)	CBN (\$'000)	NOTES
Jan-00		4,330	8,100	A
Feb-00		6,026	7,050	B
Mar-00		6,026	4,330	
Apr-00	C	6,026	6,026	
May-00		7,474	6,026	
Jun-00		7,797	6,373	C
Jul-00		12,116	7,474	
Aug-00		15,123	7,797	
Sep-00		17,000	12,116	
Oct-00		19,000	15,123	
Nov-00	D	20,000	17,000	
Dec-00	E	22,000	19,000	
2000-13th	F	3,297	-	
Total		146,215	116,415	

CAUSES OF DIFFERENCE

TIMING DIFFERENCE

Nov'99 payment not captured until Jan'00	A	8,100	-
Dec'99 payment not captured until Feb'00	B	7,050	-
99' 13th month paid in Jun'00	C	347	-
Nov'00 payment captured by CBN in Jan'01	D	(20,000)	-
Dec'00 payment captured by CBN in Feb'01	E	(22,000)	-
2000-13th paid in May'01 See Receipt F00000258	F	(3,297)	-
Cash Basis Total		116,415	116,415

**NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
FINANCIAL AUDIT: Report on the Financial Flows (1999 – 2004)**

**PPT DATA RECONCILIATION
PHILIPS OIL COMPANY NIGERIA LIMITED
PERIOD**

(YEAR 2001)	NOTES	PHILLIPS (\$'000)	CBN (\$'000)	NOTES
Jan-01		12,000	20,000	A
Feb-01		12,000	22,000	B
Mar-01	C	12,000	12,000	
Apr-01		12,000	12,000	
May-01		12,000	15,297	C
Jun-01		12,000	12,000	
Jul-01		12,000	12,000	
Aug-01		12,000	12,000	
Sep-01		9,500	12,000	
Oct-01		8,000	12,000	
Nov-01	D	8,200	9,500	
Dec-01	E	8,200	8,000	
Total		129,900	158,797	

CAUSES OF DIFFERENCE

TIMING DIFFERENCE

Nov'00 payment captured by CBN in Jan'01	A	20,000	
Dec'00 payment captured by CBN in Feb'01	B	22,000	
Nov'01 payment captured by CBN in Jan'02	D	(8,200)	
Dec'01 payment captured by CBN in Feb'02	E	(8,200)	
2000-13th paid in May'01 See Receipt F0000258	C	3,297	
Cash Basis Total		158,797	158,797

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**PPT DATA RECONCILIATION
PHILIPS OIL COMPANY NIGERIA LIMITED
PERIOD**

PERIOD (YEAR 2002)	NOTES	PHILLIPS (\$'000)	CBN (\$'000)	NOTES
Jan-02		5,400	8,200	A
Feb-02		5,400	8,200	B
Mar-02		5,300	5,400	
Apr-02		5,300	5,400	
May-02		5,700	5,300	
Jun-02		5,900	5,300	
Jul-02		7,100	5,700	
Aug-02		7,100	5,900	
Sep-02		4,500	7,100	
Oct-02		5,300	7,100	
Nov-02	C	8,100	4,500	
Dec-02	D	8,150	5,300	
13th month	E	2287		
Total		75,537	73,400	

CAUSES OF DIFFERENCE

TIMING DIFFERENCE

Nov'01 payment captured by CBN in Jan'02	A	8,200	-
Dec'01 payment captured by CBN in Feb'02	B	8,200	-
Nov'02 payment captured by CBN in Jan'03	C	(8,100)	-
Dec'02 payment captured by CBN in Feb'03	D	(8,150)	-
2002 - 13th month paid in May'03	E	(2,287)	-
Cash Basis Total		73,400	73,400

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**PPT DATA RECONCILIATION
PHILIPS OIL COMPANY NIGERIA LIMITED
PERIOD**

PERIOD (YEAR 2003)	NOTES	PHILLIPS (\$'000)	CBN (\$'000)	NOTES
Jan-03		5,300	8,100	A
Feb-03		5,300	8,150	B
Mar-03	C	5,300	5,300	
Apr-03		5,300	5,300	
May-03		11,400	7,587	C
Jun-03		12,400	5,300	
Jul-03		11,600	11,400	
Aug-03		10,400	12,400	
Sep-03		17,300	11,600	
Oct-03		20,000	10,400	
Nov-03	D	25,000	17,300	
Dec-03	E	24,000	20,000	
Total		153,300	122,837	

CAUSES OF DIFFERENCE

TIMING DIFFERENCE

Nov'02 payment captured by CBN in Jan'03	A	8,100	-
Dec'02 payment captured by CBN in Feb'03	B	8,150	-
2002 - 13th month paid in May'03	C	2,287	-
Nov'03 payment captured by CBN in Jan'04	D	(25,000)	-
Dec'03 payment captured by CBN in Feb'04	E	(24,000)	-
Cash Basis Total		122,837	122,837

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PPT DATA RECONCILIATION

PHILIPS OIL COMPANY NIGERIA LIMITED

PERIOD

(YEAR 2004)

	NOTES	PHILLIPS (\$'000)	CBN (\$'000)	NOTES
Jan-04		5,400	25,000	A
Feb-04		6,200	24,000	B
Mar-04	C	6,200	5,400	
Apr-04	C	6,200	6,200	
May-04		8,100	-	
Jun-04		9,700	12,400	C
Jul-04		12,700	8,100	
Aug-04		18,000	9,700	
Sep-04	D	23,000	12,700	
Oct-04	D	28,000	-	
Nov-04	E	31,000	18,000	
Dec-04	F	23,000	64,022	D
Total		177,500	185,522	

CAUSES OF DIFFERENCE

TIMING DIFFERENCE

Nov'03 payment captured by CBN in Jan'04	A	25,000	-
Dec'03 payment captured by CBN in Feb'04	B	24,000	-
Nov'04 payment captured in CBN 2005	E	(31,000)	-
Dec'04 payment captured by CBN in 2005	F	(23,000)	-
		172,500	185,522
Other Factor			
Dec'04: Refund - Reserve for Addition Bonus	D	13,022	-
CASH BASIS TOTALS		185,522	185,522