NIGERIAN AVIATION HANDLING COMPANY PLC

Lagos, Nigeria

CONSOLIDATED AND SEPARATE AUDITED FINANCIAL STATEMENTS

AND

OTHER NATIONAL DISCLOSURES

FOR THE YEAR ENDED 31 DECEMBER 2019

NIGERIAN AVIATION HANDLING COMPANY PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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NIGERIAN AVIATION HANDLING COMPANY PLC

CORPORATE INFORMATION

Directors		
Chairman	Dr. Seinde Oladapo Fadeni	
Group Managing Director/CEO	Mrs. Olatokunbo Adenike Fagbemi	
Executive Directors	Mr. Olumuyiwa Augustus Olumekun	(Appointed 11 February 2019)
	Prince Saheed Lasisi	(Appointed on 1 May 2019)
Non-Executive Directors	Engr. Mohammed Gambo Umar, mni	
	Sir Sunday Nnamdi Nwosu, KSS	
	Mr. Akinwumi Godson Fanimokun	
	Mr. Taofeeq Oluwatoyin Salman	
	Engr. Solagbade Olukayode Alabi	(Appointed 29January 2019)
	Mr. Tajudeen Moyosola Shobayo	(Appointed 29 January 2019)
Independent Director	Mrs. Abimbola Adunola Adebakin	(Appointed on 26 April 2019)
Company Secretary	Dikko & Mahmoud (Solicitors & Advocates) 4th Floor, Abia House Off Ahmadu Bello Way Central Business District, Abuja, FCT	
Registered Office	Nahco Aviance House Murtala Muhammed International Airport Ikeja, Lagos	
Auditors	Ernst & Young 10th & 13th Floors, UBA House 57 Marina, Lagos.	
Bankers	Citibank Nigeria Ltd Ecobank Nigeria Limited Fidelity Bank Plc First Bank of Nigeria Ltd Guaranty Trust Bank Plc Polaris Bank Limited Stanbic IBTC Bank Plc Zenith Bank Plc	
Registrars	Cardinal Stone Registrars Limited 358, Herbert Macaulay Way Yaba, Lagos P. O. Box 9117 Lagos, Nigeria	
RC No.	30954	

NIGERIAN AVIATION HANDLING COMPANY PLC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors are pleased to present to the members of the Group their Report and Audited Financial Statements for the year ended 31st December, 2019, which is in compliance with the International Financial Reporting Standards (IFRS).

Principal activities

The principal activity of the Group is the provision of services including aircraft handling, cargo handling, passenger handling, passenger profiling, crew transportation, energy and power distribution and leasing of ground handling equipment.

Review of business

The review of the Group's business and future prospects contained in the Chairman's statement are an integral part of the Directors Report and should be read in conjunction with the Directors Report.

Results for the year

	Group 2019 ₦'000	Group 2018 ₦'000	Company 2019 ₦'000	Company 2018 ₦'000
Revenue	9,996,145	9,775,515	9,570,197	9,109,644
	========	========	========	========
Profit before taxation	1,340,503	503,237	1,040,114	299,754
Taxation for the year	(623,304)	(306,443)	(603,746)	(290,048)
	-------------	-------------	-------------	-------------
Profit for the year	717,199	196,794	436,368	9,706
Non-controlling interest	(6,886)	2,831	-	-
	-------------	-------------	-------------	-------------
Retained profit for the year attributable to equity holders of the parent	710,313	199,625	436,368	9,706
	=======	=======	=======	=======

Dividend

The directors will propose a gross dividend of 30 kobo per ordinary share of 50 kobo each amounting to ₦ 487 million, to the members at the Annual General Meeting for approval (2018; ₦ 406 million).

Directors

The Directors who served on the Board during the year under review and up till the date of signing this financial statement are:

Dr Seinde Oladapo Fadeni	
Engr. Mohammed Gambo Umar, mni	
Mrs. Olatokunbo Adenike Fagbemi	
Mr. Olumuyiwa Augustus Olumekun	(Appointed 11 February 2019)
Sir. Sunday Nnamdi Nwosu, KSS	
Mr. Akinwumi Godson Fanimokun	
Mr. Taofeeq Oluwatoyin Salman	
Engr. Solagbade Olukayode Alabi	(Appointed 29 January 2019)
Mr. Tajudeen Moyosola Shobayo	(Appointed 29 January 2019)
Mrs. Abimbola Adunola Adebakin	(Appointed 26 April 2019)
Prince Saheed Lasisi	(Appointed 1 May 2019)

Director's election

There was no appointment of Directors since the last Annual General Meeting.

Re-election of Directors

In accordance with Article 107 – 109 of the Articles of Association and provisions of the Companies and Allied Matters Act, CAP 20, LFN, 2014, Dr Seinde Oladapo Fadeni, Mr. Taofeeq Oluwatoyin Salman, Mr. Tajudeen Moyosola Shobayo are the Directors retiring by rotation and being eligible offer themselves for re-election. The profiles of the Directors for re-election are contained in the 2019 Annual Report and can also be accessed on the Company's website: www.nahcoaviance.com.

Directors' interest

The direct and indirect interests of the Directors in the issued share capital of the Group as recorded in the Register of Directors' shareholdings and/or notified by them for the purpose of Sections 275 of the Companies and Allied Matters Act, CAP C20, LFN 2004 were as follows:

Directors' Shareholding:

S/NO.	NAMES OF DIRECTORS	HOLDINGS AS AT DECEMBER 31, 2019	% HOLDINGS	HOLDING AS AT FEBRUARY 29, 2020	% HOLDINGS
1.	Dr. Seinde Oladapo Fadeni	-	-	-	-
2.	Engr. Mohammed Gambo Umar, mni, FNSE	-	-	-	-
3.	Mrs. Olatokunbo Adenike Fagbemi	66,000	0.004	66,000	0.004
4.	Sir Sunday Nnamdi Nwosu	135,715	0.008	135,715	0.008
5.	Mr. Akinwumi Godson Fanimokun	200,000	0.012	2,000,000	0.123
6.	Mr. Taofeeq Oluwatoyin Salman	-	-	-	-
7.	Engr. Solagbade Olukayode Alabi	-	-	-	-
8.	Mr. Tajudeen Moyosola Shobayo	72,576	0.004	72,576	0.004
9.	Mr. Olumuyiwa Augustus Olumekun	-	-	-	-
10.	Mrs. Abimbola Adunola Adebakin	-	-	-	-
11.	Prince Saheed Lasisi	299,443	0.018	3,006,185	0.185
	TOTAL:	773,734	0.048	5,280,476	0.325

S/NO.	NAMES OF DIRECTORS	HOLDINGS AS AT DECEMBER 31, 2019	% HOLDING	HOLDINGS AS AT FEBRUARY 29, 2020	% HOLDING
1	Dr. Seinde Oladapo Fadeni	-	-	-	-
2	Engr. Mohammed Gambo Umar, mni, FNSE	-	-	-	-
3	Mrs. Olatokunbo Adenike Fagbemi	66,000	0.004	66,000	0.004
4	Sir Sunday Nnamdi Nwosu	135,715	0.008	135,715	0.008
5	Mr. Akinwumi Godson Fanimokun	200,000	0.012	2,000,000	0.123
6	Mr. Taofeeq Oluwatoyin Salman	-	-	-	-
7	Engr. Solagbade Olukayode Alabi	-	-	-	-
8	Mr. Tajudeen Moyosola Shobayo	72,576	0.004	72,576	0.004
9	Mr. Olumuyiwa Augustus Olumekun	-	-	-	-
10	Mrs. Abimbola Adunola Adebakin	-	-	-	-
11	Prince Saheed Lasisi	299,443	0.018	3,006,185	0.185
	TOTAL:	773,734	0.048	5,280,476	0.325

None of the Directors notified the Company for the purposes of section 277 of the Companies and Allied Matters Act, CAP C20, LFN 2004, to the effect that they were members or held some specified interests which could be regarded as interested in any contracts with which the Company was involved during the year under review.

Related party
The Group carries out business for Airlines, some of whom are founder transactions shareholders of the Group. However, in line with Group policy, transactions are carried out at arm's length basis.

Shareholding
The registrars have advised that the called up and fully paid shares of the Company as at 31 December 2019 were beneficially held as follows:

Share Range Analysis:

RANGE			NO. OF HOLDERS	% HOLDERS	HOLDINGS	% HOLDINGS
1	-	10,000	62,556	87.54	128,218,741	7.89
10,001	-	100,000	7,806	10.92	230,014,169	14.16
100,001	-	1,000,000	1,001	1.40	245,341,557	15.11
1,000,001	-	10,000,000	86	0.12	229,981,554	14.16
10,000,001	-	100,000,000	7	0.01	204,935,686	12.62
100,000,001	-	1,624,218,750	3	0.00	585,727,043	36.06
GRAND-TOTAL:			71,459	100.00	1,624,218,750	100.00

Godsmart Nigeria Limited is represented on the board by Dr.Seinde Oladapo Fadeni, Engr Muhammed Gambo Umar, Mr. Akinwumi Godson Fanimokun and Tajudeen Moyosola Shobayo, White Cowry Industries Limited is represented by Engr. Solagbade Olukayode Alabi.

The following shareholders held more than 5% of the issued share capital:

	31 December 2019	28 February 2020	No of shares held
Godsmart Nigeria Limited	26.95%	26.95%	437,726,953
Awhua Resources Limited	7.13%	7.13%	115,806,796
White Cowry Industries Limited	6.98%	6.98%	113,370,468

Acquisition of own share
The group did not acquire any of its shares during the year.

Audit committee
Pursuant to Section 359(3) of the Companies and Allied Matters Act CAP C20 LFN 2004, the Company has an audit committee comprising of Directors and Shareholders. The report of the Audit Committee is included in the financial statements and their function is laid out in Section 359(6) of the Companies and Allied Matters Act CAP C20, LFN 2004.

SHAREHOLDERS' INFORMATION

Share Capital History

DATE	AUTHORIZED SHARE CAPITAL INCREASED FROM (N)	AUTHORIZED SHARE CAPITAL INCREASED TO (N)	ISSUED SHARE CAPITAL INCREASED FROM (N)	ISSUED SHARE CAPITAL INCREASED TO (N)	CONSIDERATION
May 25, 2007	150,000,000	500,000,000	-	150,000,000	INITIAL SHARE CAPITAL
May 25, 2007	-	500,000,000	150,000,000	375,000,000	BONUS (3:2)
May 25, 2007	-	500,000,000	375,000,000	392,500,000	RIGHTS
May 27, 2007	-	500,000,000	392,500,000	437,500,000	PUBLIC OFFER
May 9, 2008	-	500,000,000	437,500,000	492,187,500	BONUS (1:8)
August 21, 2009	500,000,000	750,000,000	-	492,187,500	-
August 21, 2009	-	-	492,187,500	615,234,375	BONUS (1:4)
June 7, 2012	-	-	615,234,375	738,281,250	BONUS (1:5)
June 11, 2015	750,000,000	1,500,000,000	738,281,250	812,109,375	BONUS (1:10)

Donations

The group made donations and gifts as detailed below during the year (2018: N4.5m)

	₦'000
NUATE	200
Association of Foreign Airlines & Reps in Nigeria	1,000
Leaque of Airport and Aviation Correspondents	500
ANLCA	200
Murtala Muhammed Airport Schools	50
The Nigeria Police Force – Ikeja	50

	2,000
	=====

The group did not make any donation or gift to any political party, political association or for any political purpose in the course of the year under review.

Unclaimed dividend

Shareholders who are yet to receive their dividend are advised to contact the Registrar, Cardinal Stone Registrars, 358, Herbert Macaulay Way, Yaba Lagos.

Physically challenged persons

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

PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in property, plant and equipment is given in Note 11 to the financial statements. In the opinion of the directors, the market value of the Company's property, plant and equipment is not less than the value shown in these financial statements.

EVENTS AFTER THE REPORTING PERIOD

As stated in Note 39, no events or transactions have occurred since the end of the reporting period, which would have a material effect on the financial statements at that date or which need to be mentioned in the financial statements in order to make them not misleading as to the financial position or results of operations.

Employees Health, Safety and Welfare

Health and Safety Regulations are in force within the Group for the benefit of all employees. A staff clinic is maintained and in addition the Company has made arrangements with private hospitals and clinics for the treatment of employees on referral basis. Also, the Group has a dedicated unit for Health, Safety Environment and Quality in line with standard policy applicable to aviation industry.

Employees' trainings

This is carried out at various levels within the Group through internal and external trainings.

Auditors

The auditors, Ernst & Young having indicated their willingness, will continue in office as the Group's auditors in accordance with Section 357 (2) of the Companies and Allied Matter Act, CAP C20, Laws of the Federation of Nigeria 2004.

By Order of the Board

BBAbdullal.

Bello A. Abdullahi
Dikko & Mahmoud (Solicitors & Advocates)
FRC/2013/ NBA/00000002301
Company Secretary

28 May 2020

NIGERIAN AVIATION HANDLING COMPANY PLC

CORPORATE GOVERNANCE REPORT

Corporate Governance

Nigerian Aviation Handling Company Plc is committed to observing high standards of corporate governance. The Board of Directors recognises the importance of applying best corporate governance principles, its valuable contribution to long term business prosperity and accountability to its shareholders. Consequently, the Company has undertaken to create the institutional framework conducive to defending the integrity of our directors and is convinced that, on account of this, the Board of "nahco aviance" is functioning in a highly effective manner. The Board will continue to challenge itself to improve the standard in areas where the need for improvement is identified.

Governance Structure

The Board

The Board comprises Eleven (11) Directors, made up of eight (8) non-Executive and three (3) Executive Directors. The Board is responsible to shareholders for creating and delivering sustainable value through its general supervision of the Group's business. The positions of the Chairman and the Chief Executive Officer are held by different persons, in order to avoid undue concentration of power. The chairman is responsible for the leadership of the Board and creating the conditions for overall effectiveness of the individual Directors and the Board in general. All of the Directors bring various and varied competencies to bear on all Board decisions. Each individual Director has the experience, knowledge, qualifications, expertise and integrity that is necessary to effectively discharge the duties of the Board of Directors. The Board meets regularly and is responsible for effective control and monitoring of the Group's strategy.

The Board has established a number of committees to assist it in the discharge of its responsibilities. The Group has established the Board Charter and the Board Committees Charters. The Board and the Committees Charters spell out the responsibilities, appointment, terms of references, composition, and the review of the charter among other things.

During the year under review, the Board met at various times to provide strategic directions, policy and leadership in attaining the objectives of the Group.

The Board monitors the activities of the Executive Management and the accomplishment of set objectives through reports at its meetings.

Relationship with Shareholders

As a deliberate policy, nahco aviance maintains an effective and candid communication with its shareholders which enables them to understand the Group's business, financial conditions and operating performance and trends. The Board places considerable importance on effective communication with its shareholders as it recognises the importance of ensuring an appropriate balance in meeting their needs. The group strives at all times to build enduring relationships with the shareholders. The Board ensures that shareholders receive prior notice of meetings and that all other statutory notices and information are communicated regularly. Shareholders can freely communicate their thoughts and recommendations whenever they feel the need to do so by contacting the Company Secretary or the Group Managing Director/CEO.

BOARD MEETINGS

The Board met Six (6) times during the 2019 financial year. The meetings were held on 29th January, 27th & 28th March, 26th April, 25th July, 29th October, and 16th &17th December 2019. The following is the list of the Directors and their attendance at the Board meeting.

Directors	Designation	Number of Meetings During Tenure	Number of Meetings Attended
Dr. Seinde Oladapo Fadeni	Chairman (Non-Executive Director)	6	6
Engr. Mohammed Gambo Umar, mni	Vice Chairman (Non-Executive Director)	6	6
Mrs. Olatokunbo Adenike Fagbemi	Group Managing Director/CEO	6	6
Sir. Sunday Nnamdi Nwosu	Non-Executive Director	6	6
Mr. Akinwumi Godson Fanimokun	Non-Executive Director	6	6
Mr. Taofeeq Oluwatoyin Salman	Non-Executive Director	6	6
Engr. Solagbade Olukayode Alabi	Non-Executive Director	6	6
Mr. Tajudeen Muyisola Shobayo	Non-Executive Director	6	6
Mr. Olumuyiwa Augustus Olumekun	Executive Director	5	5
Prince Saheed Lasisi	Executive Director	3	3
Mrs. Abimbola Adunola Adebakin	Independent Non-Executive Director	4	4

Board Committees

In performing its oversight functions of the Group's business, the Board operates as a full Board or through the Board Committees whose compositions and functions are listed below:
All Board Committees make the appropriate recommendations for approval by the full Board. The new committees are as follows:

(1) Risk and Compliance Committee.
(2) Governance and Remuneration Committee.
(3) Finance and General Purposes Committee

Risk, Investment and Compliance Committee
The Committee was chaired by a non-executive director with two (2) other non-executive directors and one (1) executive director.

The terms of reference include:

1. Oversight function on all risk related issues.
2. Keep under review the effectiveness of the Company's internal controls, audit functions and risk management system including the business risk program.
3. Evaluate whether Management is setting the appropriate "control culture" by communicating the importance of internal control and management of risk.
4. Review the Company's policies and practices concerning business conduct, ethics and integrity.
5. Encourage whistle blowing process for report of unethical activity.
6. Review policies and processes established by Management on the implementation of risk, and safety quality and to monitor the Company's compliance with international standards of risk and safety quality.
7. Authorize the internal auditor to carry out investigation into any activities of Management/Company that may be of concern to the Committee.
8. Serve as an independent and objective party to review the financial information presented by Management to the Board and the general public.
9. Oversee and appraise the quality of audits conducted by the Company's internal and external auditors.
10. Determine the efficiency and effectiveness of administrative operating and accounting controls used by the Company.
11. Establish and periodically review a code of conduct and monitor the ethical behaviour of the Company and Management to ensure compliance.
12. Review the placement of the Company's insurance program and its alignment with the Company's risk profile.
13. Identify any special projects or investigations deemed necessary.

Governance and Remuneration Committee
The committee was chaired by a non-executive director with three (3) other non-executive directors.

The terms of reference include:
1. Establish and review on a regular basis the existence of an appropriate code of conduct which focuses on leadership policies and general behavior within the Company.
2. Assess the effectiveness of the Board of Directors as a whole, the committees of the Board and the overall contribution of individual Directors including making recommendations to the Board with respect to the Board performance and standards and procedure for review of the Board's performance.
3. Oversee the Board performance evaluation process and reviewing the self-evaluation of Directors.
4. Conduct an annual analysis of individual Directors' skills and experience to assess the Board's specific needs and the skills, experiences and behavioral attributes required to address its needs.
5. Prepare a profile for vacant positions, based on the identified gaps in skills and composition on the Board. Establish the criteria for Board and Board committee memberships, review candidates' qualifications and any potential conflict of interest, assess the contribution of current Directors in connection with their re-nomination and make recommendations to the Board.
6. Prepare a job specification for the Chairman's position, including an assessment of time commitment required of the candidate. Evaluate the current composition, organization and governance of the Board and its committees, and determine future Board and committee requirements, including the appropriateness of the size of the Board relative to its responsibilities, and make recommendations regarding the foregoing to the Board for approval.
7. Review with Management and Company Secretary the Company system of governance.
8. Oversee the implementation and operation of process, structures and effective systems of governance as approved by the Board of Directors and industry specific standards and practices and make recommendations to the Board with respect to the Company's business code of conduct.
9. Review the Company's annual disclosure of its corporate governance practices pursuant to applicable legislative rules and industry specific standards and practices.
10. Perform any other activities consistent with its responsibilities and duties as the Committee or the Board of Directors deems necessary or appropriate.
11. Oversees compliance of all the Committees with the Company's corporate governance policies and standards.
12. Provide an orientation and education program for new recruits to the Board of Directors to allow them to fully understand (i) the business of the Company and the role of its Board of Directors, (ii) the role of the committees of the Board and (iii) the contribution individual directors are expected to make, including in particular, the commitment of time and energy that the Company expects of its Directors.
13. Identify the training needs and knowledge gaps of Board members. The Committee should ensure that each Board Director attends a minimum of one (1) core training or development program each financial year. The training programs should be such that would improve the effectiveness and efficiency of the Directors in managing the Company and meeting its business objectives.
14. Ensure that succession policy and plan exist for the positions of Chairman and the subsidiary managing directors for Group companies; and
15. Review the performance and effectiveness of the subsidiary company Boards on an annual basis where applicable; and

CORPORATE GOVERNANCE REPORT - Continued
Governance and Remuneration Committee-continued

16. Provide for the succession of the Board Chairman, Non-executive Directors, the subsidiary Board and the subsidiary Managing Directors of the Group Companies to assist the Board in ensuring an orderly transition when Directors resign or retire.
17. The succession planning policy may include the following:
18. Key competencies - specific minimum qualifications and experience and the process for determining current and emerging competency requirements;
19. Identification of the talent pool/possible successors;
20. Areas of improvement of the alternatives and the required training/skill needed.
21. Transition guidelines.
22. Conducting evaluation and competency on the appointment of Non-Executive Directors.
23. Making recommendation on the appointment, remuneration and promotion of executive Directors and senior Management.
24. Setting and reviewing the effectiveness of the remuneration policies, Management succession plan, human resources and practices of the company;
25. Setting and reviewing, in accordance with the company's remuneration policies and practices, the remuneration of the Managing Director, the direct reports to the Managing Director and other such executives as the Board may from time to time determine;
26. Setting and reviewing, as appropriate, the terms of employment contracts for the personnel referred to above;
27. Setting and reviewing the terms of the company's short and long term incentive plans including any share option plans for employees and Directors;
28. Making recommendations to the Board on setting and reviewing all components of the remuneration of Non-Executive Directors. Such components shall include annual remuneration, sitting allowance and all other benefits and entitlements arising from their directorships;
29. Ensuring that the Company's remuneration policies and practices support the successful recruitment, development and retention of Executive Directors and Senior Management Team.
30. Reviewing from time to time the Senior Executive Team and the appropriateness of succession planning policies which are in place.
31. Defines the process for determining levels of remuneration and the frequency of review;
32. Provides how and to what extent Executive Directors' reward should be linked to corporate and individual performance.
33. Provide input to the annual report of the company in respect of directors' compensation;
34. To consider any other matter referred to it by the Board.

Finance and General Purposes Committee

The committee was chaired by a non-executive director with one (1) other non-executive director and two (2) executive directors.

The terms of reference include:

1. Stay informed on a timely basis about the Company's financial status.
2. As appropriate, review and recommend to the Board, key financial policy matters.
3. Oversee development of the budget, financial reporting, policies and processes.
4. Advise Management and the Board regarding financial matters including global financial policies and practices, capital structure, annual financing plans, restructuring, acquisitions and divestitures;
5. Analyze and recommend basic financial goals to be achieved by the Company;
6. Receive suggestions from the Executive Management as to how performance can and will be improved upon.

Finance and General Purposes Committee-continued

7. Review significant relationships with analysts, banks and investment banks;
8. Review the operational and financial performance of the Company on major capital investment projects versus original projections and to keep the Board advised on all financial implications on decisions taken.
9. Review and recommend a dividend policy for the Company; and evaluating the long-term productivity of the Company's operations.
10. Review operating budgets of the Company. Review financial performance of the Company and compare performance to budgets and goals.
11. Tracking/monitoring/accountability for funds by the Executives.
12. Ensure adequate financial controls.
13. Recommend approval of capital expenditures, specific projects and their financing within the overall plan approved by the Board.
14. Require and monitor correction actions to bring the organization into compliance with its budgets and other financial targets.
15. Consider any other matters referred to it by the Board.
16. Review and recommend to the Board the strategic planning process, long-range objectives and strategic plan for the Company along with the specific business and marketing plans for the Company and its subsidiaries.
17. Provide input from the Board to Management in the development of the Company's strategic plan;
18. Serve as a resource in assisting Management in the development of the Company's strategic plan;
19. Act in an advisory capacity in assessing the strategies and action plans designed to meet the Company's strategic objectives; and
20. Serve as representatives of the Board in evaluating the Company's strategic planning process.

MEETINGS HELD BY COMMITTEES

Risk and Compliance Committee met six (6) times during the 2019 financial year. The meetings were held on 16th January, 14th March, 25th April, 20th June, 19th September, and 12th December 2019.

Directors	Designation	Number of Meetings During Tenure	Number of Meetings Attended
Engr. Mohammed Gambo Umar mni	Chairman (Non-Executive Director)	6	6
Mrs. Olatokunbo Adenike Fagbemi	Group Managing Director/CEO	6	6
Engr. Solagbade Olukayode Alabi	Non-Executive Director	4	3
Mrs. Abimbola Adunola Adebakin	Non-Executive Director	2	2
Mr. Taofeeq Oluwatoyin Salman	Non-Executive Director	2	2

Governance and Remuneration Committee met nine (9) times during the 2019 financial year. The meetings were held on 21st January, 28th February, 1stMarch, 14th March, 11th April, 26th April, 21st June, 3rd October and 13th December, 2019.

Directors	Designation	Number of Meetings During Tenure	Number of Meetings Attended
Mr. Akinwumi Godson Fanimokun	Chairman (Non-Executive Director)	9	9
Sir Sunday Nnamdi Nwosu, KSS	Non-Executive Director	9	8
Mr. Tajudeen Moyosola Shobayo	Non-Executive Director	8	8
Engr. Solagbade Olukayode Alabi	Non-Executive Director	5	3
Engr. Mohammed Gambo Umar, mni	Non-Executive Director	4	4

Finance and General Purposes Committee met eight (8) times during the 2019 financial year. The meetings were held on 25th January, 31st January, 25th March, 8th April, 25th, April, 24th July, 12th September and 26th October, 2019.

Directors	Designation	Number of Meetings During Tenure	Number of Meetings Attended
Mr. Tajudeen Moyosola Shobayo	Chairman (Non-Executive Director)	7	6
Mr. Akinwumi Godson Fanimokun	Non-Executive Director	8	8
Mrs. Olatokunbo Adenike Fagbemi	Group Managing Director/CEO	8	8
Mr. Olumuyiwa Augustus Olumekun	Executive Director	5	5
Sir Sunday Nnamdi Nwosu, KSS	Non-Executive Director	3	3

The Audit Committee

The Audit Committee was composed of six members made up of three representatives of the Shareholders elected at the 2018 Annual General meeting held on 26th July, 2019 for a tenure of one year till the conclusion of the 2019 Annual General Meeting; and three representatives of the Board of Directors nominated by the Board.

The terms of reference include as provided in section 359 (6) of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria, 2004.

1. Ascertains whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;

2. Reviews the scope and planning of audit requirements;

3. Reviews the findings on management matters in conjunction with the external auditor and departmental responses thereon;

4. Keeps under review the effectiveness of the Company's system of accounting and internal control;

5. Makes recommendations to the Board with regard to the appointment, removal and remuneration of the external auditors of the Company; and

6. Authorises the internal auditor to carry out investigations into any activities of the Company which may be of interest or concern to the Committee.

Audit Committee met six (6) times during the 2019 financial year. The meetings were held on 28th January, 26th March, 8th April, 25th April, 24th July and 24th October, 2019.

Directors	Designation	Number of Meetings During Tenure	Number of Meetings Attended
Mr. Mohammed Gambo Fagge	Chairman	6	6
Dr. Okpan Awa Erem	Member	6	6
Mrs. Adebisi Bakare	Member	6	6
Sir Sunday Nnamdi Nwosu, KSS	Non-Executive Director	6	5
Mr. Taofeeq Oluwatoyin Salman	Non-Executive	6	5
Engr. Mohammed Gambo Umar, mni	Non-Executive Director	4	4

Complaint Management Policy

The Board approved the Complaint Management Policy pursuant to the Rules of the Securities & Exchange Commission ("SEC") on the Complaints Management Framework of the Nigerian Capital Market ("Framework") released on 16 February 2015 and also on the directive of the Nigerian Stock Exchange ("The NSE") contained in its circular No. NSE/LARD/LIR6/15/04/22 issued on 22 April 2015 to all listed Companies. The policy is published on the Company's website.

Insider Trading

The Board approved an Insider Trading Policy which is compliant with the provisions of Section 14 of the Amended Listing Rules of the Nigerian Stock Exchange. The Policy applies to all Directors, Audit Committee, Employees of the Company and any other person in possession of insider information from dealing with the Company's shares during the Non-Authorised Trading Periods. The Company's Directors, Audit Committee and employees are therefore notified and prohibited from dealing in the Company's shares during the Non-Authorised Trading Periods, in accordance with the Investment and Securities Act, 2007, the Post Listing Rules of the Nigerian Stock Exchange and the Company's policy on Insider Trading, published on the Company's website www.nahcoaviance.com.

Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) Nigerian Aviation Handling Company Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy undergoes periodic reviews by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period

NIGERIAN AVIATION HANDLING COMPANY PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2019

The Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Group at the end of the year and of its profit or loss. The responsibilities include ensuring that the Group:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and comply with the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004; and Financial Reporting council of Nigeria Act No 6, 2011

b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standards issued by International Accounting Standards Board, and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act No.6, 2011.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group as at, and of its profit for the year ended 31 December 2019. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

To the best of our knowledge and ability we report no contravention or violation of any regulatory requirement(s) during the year.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

....

Dr. Seinde Oladapo Fadeni
Chairman
FRC/2019/NIM/00000019430

....

Mrs. Olatokunbo Adenike Fagbemi
Group Managing Director/CEO
FRC/2019/IODN/00000019114

28 May, 2020

NIGERIAN AVIATION HANDLING COMPANY PLC

REPORT OF THE AUDIT COMMITTEE

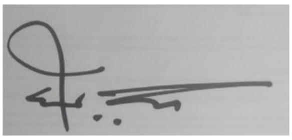
FOR THE YEAR ENDED 31 DECEMBER 2019

In accordance with the provision of Section 359(6) of the Companies and Allied Matters Act, CAP C20, Laws of Federation of Nigeria 2004, members of the Audit Committee of Nigerian Aviation Handling Company Plc report as follows: -

We have exercised our statutory functions under section 359(6) of the Companies and Allied Matter Act, CAP C20, Laws of the Federation of Nigeria 2004, and we acknowledge the co-operation of the management and staff in the conduct of these responsibilities.

We confirm that:

1. The accounting and reporting policies of the Group are consistent with legal requirements and agreed ethical practices.
2. The scope and planning of the external audit are in our opinion adequate.
3. The internal control system was in order.
4. The Independent Auditors’ Management Letter Comments were satisfactorily dealt with by the Management.
5. We have reviewed the consolidated and separate audited financial statements prior to the Board’s approval.



Dr Okpan Awa Erem
Member, Audit Committee
FRC/2014/NIM/00000008663

28 May 2020

MEMBERS OF THE AUDIT COMMITTEE

Mr. Mohammed Gambo Fagge – (Chairman)	Shareholders’ Representative
Dr. Okpan Awa Erem	Shareholders’ Representative
Mrs. Adebisi Bakare	Shareholders’ Representative
Engr. Mohammed Gambo Umar, mni	Non-executive Director
Sir Sunday Nnamdi Nwosu, KSS	Non-Executive Director
Mr. Taofeeq Oluwatoyin Salman	Non-Executive Director

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Ernst & Young
10th Floor
UBA House
57, Marina
P. O. Box 2442, Marina
Lagos.

Tel: +234 (01) 631 4500
Fax: +234 (01) 463 0481
Email: Services@ng.ey.com
www.ey.com

Independent Auditors' Report
To the Members of Nigerian Aviation Handling Company Plc
Report on the Audit of the Consolidated and Separate financial statements

Opinion

We have audited the accompanying consolidated and separate financial statements of Nigerian Aviation Handling Company Plc ("the Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Nigerian Aviation Handling Company Plc and its subsidiaries as at 31 December 2019 and of their financial performance and their cash flows for the year then ended in accordance with the International Financial Reporting Standards, and the provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act No.6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (IESBA)* and other independence requirements applicable to performing audits of Nigerian Aviation Handling Company Plc and its subsidiaries. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audits of Nigerian Aviation Handling Company Plc. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

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Independent Auditors' Report

To the Members of Nigerian Aviation Handling Company Plc

Report on the Audit of the Consolidated and Separate Financial statements - Continued

Key Audit Matter	How the matter was addressed in the audit
Determination of provision for impairment of trade receivables At 31 December 2019, the Group recorded trade receivables in its books amounting to ₦2.29 Billion. An impairment provision of ₦793 million was made on the trade receivables balance. The impairment allowance represents 35% of the trade receivables. The aviation industry, continues to be impacted by uncertainty over the collectability of contract receivables from specific customers. The determination as to whether a trade receivable is collectable involves Management's judgment. The trade receivables were tested for impairment using the Expected Credit Loss (ECL) model due to implementation of IFRS 9 in the year under review. The simplified approach was applied using a provisioning matrix method which are derived through judgment and results may be very significant for the Group. As such, the receivables are not assessed for significant increase in credit risk. The ECL model also requires judgment, in the estimation of the amount and timing of future cash flows. We focused on this area because it requires a high level of management judgment and due to the materiality of the amounts involved.	We obtained and reviewed the Group's trade receivables and tested the balances for impairment in line with IFRS 9. We performed the following procedures: - analyzed the segmentation of the portfolio provided by management and ensured they applied the shared risk characteristics. - recomputed the payment profile of customers for sales made during the year and reviewed the bad debts in the period written off (deemed losses). - We challenged the loss rates to ensure that the calculation reflects the probability weighted outcome. - We also tested the historical accuracy of the model by assessing the historical projections versus actual losses. - Challenged the scalar adjustment multiplier to determine if they were appropriate. - Involved our internal specialists to perform a second level review on the impairment provisions.

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Independent Auditors' Report

To the Members of Nigerian Aviation Handling Company Plc

Report on the Audit of the consolidated and separate financial statements - Continued

Other Information

The directors are responsible for the other information. The other information comprises the Report of the Directors and Statement of Directors' Responsibilities as required by the Companies and Allied Matters Acts (CAMA) and the Corporate Governance Report as required by the Securities and Exchange Commission, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the Consolidated and Separate financial statements and our Auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this Auditors' Report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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Independent Auditors' Report

To the Members of Nigerian Aviation Handling Company Plc

Report on the Audit of the consolidated and separate financial statements - Continued

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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Independent Auditors' Report

To the Members of Nigerian Aviation Handling Company Plc

Report on the Audit of the consolidated and separate financial statements - continued

Auditor's Responsibilities for the Audit of the Financial Statements - continued
We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii) in our opinion proper books of account have been kept by the Group, in so far as it appears from our examination of those books; and

iii) the Group's consolidated and separate statements of financial position and statements of profit or loss and other comprehensive income are in agreement with the books of account.

Funmi Ogunlowo, FCA
FRC/2013/ICAN/00000000681
For: Ernst & Young
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0575350

29 May 2020

NIGERIAN AVIATION HANDLING COMPANY PLC

CONSOLIDATED AND SEPERATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
	Notes	₦'000	₦'000	₦'000	₦'000
Revenue	5	9,996,145	9,775,515	9,570,197	9,109,644
Operating costs	9a	(6,563,870)	(6,656,013)	(6,566,886)	(6,418,021)
Gross profit		3,432,275	3,119,502	3,003,311	2,691,623
Other income	6	245,032	263,257	237,866	222,496
Administrative expenses	9b	(2,533,234)	(2,880,401)	(2,357,386)	(2,689,555)
Expected credit reversal/(losses)	9c	323,673	(50,024)	288,334	(41,516)
Profit from operations		1,467,746	452,334	1,172,125	183,048
Finance costs	7	(300,319)	(169,776)	(299,889)	(169,776)
Finance income	7	173,076	220,679	167,878	286,482
Profit before tax		1,340,503	503,237	1,040,114	299,754
Income tax expense	8(a)	(623,304)	(306,443)	(603,746)	(290,048)
Profit for the year		717,199	196,794	436,368	9,706
Other comprehensive income		-	-	-	-
Total comprehensive income for the year, net of tax		717,199	196,794	436,368	9,706
Attributable to:					
Profit attributable to equity holders of the parent		710,313	199,625	436,368	9,706
Non-controlling interest	27	6,886	(2,831)	-	-
		717,199	196,794	436,368	9,706
Earnings per share:					
Basic/diluted earnings per share (Kobo)	10	44	12	27	1

NIGERIAN AVIATION HANDLING COMPANY PLC
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
	Notes	₦'000	₦'000	₦'000	₦'000
Assets					
Non-current assets					
Property, plant and equipment	11	6,704,714	6,156,696	6,514,282	5,058,515
Right of use asset	11a	831,810	-	826,966	-
Intangible assets	12	148,225	166,313	54,603	72,691
Investment property	13	136,914	131,867	136,914	131,867
Investment in subsidiaries	14	-	-	39,500	39,500
Deposit for shares	15	-	-	-	1,554,538
Total non-current assets		7,821,663	6,454,876	7,572,265	6,857,111
Current assets					
Inventories	18	284,791	256,187	284,791	256,187
Trade and other receivables	20	2,534,640	2,017,717	2,351,221	1,933,697
Intercompany receivables	21	-	-	582,758	454,370
Other current assets	17	7,866	40,850	7,866	40,850
Prepayments	19	2,310,151	754,929	2,097,614	557,771
Debt instruments at amortized costs	22b	187,168	122,390	187,168	122,390
Cash and cash equivalents	22	1,563,222	2,698,921	1,475,619	2,596,708
Total current assets		6,887,838	5,890,994	6,987,037	5,961,973
Total assets		14,709,501	12,345,870	14,559,302	12,819,084
Equity and liabilities					
Equity					
Share capital	23	812,109	812,109	812,109	812,109
Share premium	24	1,914,758	1,914,758	1,914,758	1,914,758
Retained earnings	26	4,032,142	3,727,884	4,067,992	4,037,679
Total equity attributable to equity holders of the Company		6,759,009	6,454,751	6,794,859	6,764,546
Non-controlling interests	27	(124,025)	(130,911)	-	-
Total equity		6,634,984	6,323,840	6,794,859	6,764,546
Non-current liabilities					
Loans and borrowings	28	-	439,588	-	439,588
Lease liabilities	28a	916,514	-	915,538	-
Deferred tax liabilities	8C	1,075,790	715,661	1,073,428	713,673
Total non-current liabilities		1,992,304	1,155,249	1,988,966	1,153,261

NIGERIAN AVIATION HANDLING COMPANY PLC
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION – Continued

AS AT 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
	Notes	₦'000	₦'000	₦'000	₦'000
Current liabilities					
Current tax liabilities	8b	508,921	355,301	486,933	340,617
Trade and other payables	29	4,901,277	4,032,091	4,662,333	3,843,421
Intercompany Payable		-	-	-	316,999
Lease liabilities	28a	161,780	-	160,076	-
Deferred Income	30	70,157	103,544	26,057	24,394
Loans and borrowings	28	440,078	375,845	440,078	375,845
Total current liabilities		6,082,213	4,866,781	5,775,477	4,901,277
Total liabilities		8,074,517	6,022,030	7,764,443	6,054,538
Total equity and liabilities		14,709,501	12,345,870	14,559,302	12,819,084

Dr. Seinde Oladapo Fadeni
Chairman
FRC/2019/NIM/00000019430

Mrs. Olatokunbo Adenike Fagbemi
Group Managing Director/CEO
FRC/2019/IODN/00000019114

Mr.Adeoye Emiloju
Chief Financial Officer
FRC/2016/ICAN/00000019815

28 May 2020

NIGERIAN AVIATION HANDLING COMPANY PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

Attributable to the equity holders of the parent

2019	Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Total ₦'000	Non-controlling interest ₦'000	Total equity ₦'000
At 1 January 2019	812,109	1,914,758	3,727,884	6,454,751	(130,911)	6,323,840
Effect of adoption of IFRS 9	-	-	-	-	-	-
Profit for the year	-	-	710,313	710,313	6,886	717,199
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	710,313	710,313	6,886	717,199
Dividend paid (Note 25)	-	-	(406,055)	(406,055)	-	(406,055)
At 31 December 2019	812,109	1,914,758	4,032,142	6,759,009	(124,025)	6,634,984

NIGERIAN AVIATION HANDLING COMPANY PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

Attributable to the equity holders of the parent

2018	Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Total ₦'000	Non-controlling interest ₦'000	Total equity ₦'000
As at 1 January 2018	812,109	1,914,758	4,171,551	6,898,418	(127,645)	6,770,773
Implementation of new standard	-	-	(237,237)	(237,237)	(435)	(237,672)
As at 1 January 2018 (Restated)	812,109	1,914,758	3,934,314	6,661,181	(128,000)	6,533,101
Profit for the year	-	-	199,625	199,625	(2,831)	196,794
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	199,625	199,625	(2,831)	196,794
Dividend paid (Note 25)	-	-	(406,055)	(406,055)	-	(406,055)
As at 31 December 2018	812,109	1,914,758	3,727,884	6,454,751	(130,911)	6,323,840

NIGERIAN AVIATION HANDLING COMPANY PLC

SEPARATE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Total ₦'000
As at 1 January 2019	812,109	1,914,758	4,037,679	6,764,546
Profit for the year	-	-	436,368	436,368
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	436,368	436,368
Dividend paid (Note 25)	-	-	(406,055)	(406,055)
As at 31 December 2019	812,109	1,914,758	4,067,992	6,794,859

2018	Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Total ₦'000
As at 1 January 2018	812,109	1,914,758	4,669,335	7,396,202
Implementation of new standard	-	-	(235,307)	(235,307)
As at 1 January 2018 (Restated)	812,109	1,914,758	4,434,028	7,160,895
Profit for the year	-	-	9,706	9,706
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	9,706	9,706
Dividend paid (Note 25)	-	-	(406,055)	(406,055)
As at 31 December 2018	812,109	1,914,758	4,037,679	6,764,546

NIGERIAN AVIATION HANDLING COMPANY PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
	Notes	₦'000	₦'000	₦'000	₦'000
Operating activities					
Profit before tax		1,340,503	503,237	1,040,114	299,754
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment (PPE)	11	831,296	762,389	696,049	547,641
Depreciation of investment property	13	6,394	4,130	6,394	4,130
Amortisation of intangible asset	12	18,088	21,653	18,088	21,653
Depreciation of right of use asset	11a	71,827	-	68,021	-
Profit on disposal of PPE	6	(8,179)	(242)	(8,179)	(242)
Expected credit (reversals)/losses	9c	(323,673)	50,024	(288,334)	41,516
Unrealized exchange loss	6a	3,106	2,326	3,106	2,326
Deferred rent released to profit or loss	30	(159,855)	(200,294)	(156,142)	(141,451)
Finance cost	7	117,686	169,776	117,686	169,776
Interest on Lease	7	182,633	-	182,203	-
Finance income	7	(173,076)	(220,679)	(167,878)	(286,482)
		1,906,750	1,092,320	1,511,128	658,622
Working capital adjustments:					
Increase in inventories		(28,604)	(17,359)	(28,604)	(17,359)
Increase in trade and other receivables		(114,470)	423,126)	(7,179)	(512,421)
Decrease /(increase in intercompany receivables		-	-	615,165	(312,097)
Increase in prepayments		(1,555,222)	(67,164)	(1,539,843)	(66,096)
Increase in trade and other payables		893,637	693,334	843,363	619,163
(Decrease)/increase in intercompany payable		-	-	(316,999)	152,970
		1,102,091	1,278,005	1,077,031	522,782
Taxation paid	8(b)	(109,555)	(87,983)	(97,676)	(86,691)

NIGERIAN AVIATION HANDLING COMPANY PLC

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS – Continued

FOR THE YEAR ENDED 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
	Notes	₦'000	₦'000	₦'000	₦'000
Net cash flows from operating activities		992,536	1,190,022	979,355	436,091
Investing activities					
Purchase of property, plant and equipment	11	(1,414,376)	(371,977)	(1,367,617)	(357,303)
Acquisition of investment properties	13	(11,441)	(3,857)	(11,441)	(3,857)
Investment in debt Instrument	22b	(187,362)	(124,191)	(187,362)	(124,191)
Liquidation of debt instrument	22b	124,191	200,000	124,191	200,000
Proceeds from disposal of property, plant and equipment		43,241	1,081	43,241	1,081
Rent Received	30	126,468	142,095	105,691	140,807
Outflow from bond repayment fund	17	(489,690)	(489,689)	(489,690)	(489,689)
Inflow from bond repayment fund	17	444,040	506,689	444,040	506,689
Loan to subsidiary	16	-	-	-	779,596
Interest received	7	173,076	220,679	167,878	220,679
Net cash outflows (used in)/from investing activities		(1,191,853)	80,830	(1,171,069)	873,812
Financing activities					
Repayment of bond	28	(375,846)	(322,974)	(375,846)	(322,974)
Finance cost	28	(113,844)	(166,715)	(113,844)	(166,715)
Payment of Lease Liability	28b	(32,427)	-	(26,027)	-
Dividends paid	26c	(406,055)	(406,055)	(406,055)	(406,055)
Net cash flows used in financing activities		(928,171)	(895,569)	(921,772)	(895,569)
Net (decrease)/increase in cash and cash equivalents		(1,127,488)	375,283	(1,113,486)	414,334
Net foreign exchange difference		-	(39,922)	-	(46,344)
Cash and cash equivalents at 1 January		2,706,769	2,371,408	2,604,554	2,236,564
Cash and cash equivalents at 31 December	22	1,579,281	2,706,769	1,491,068	2,604,554

1. Reporting entity

Nigerian Aviation Handling Company PLC ("nahco aviance" or "the Company") is a company domiciled in Nigeria with its registered office at Murtala Muhammed International Airport, Ikeja, Lagos. The consolidated financial statements of the Company for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The group is primarily involved in provision of services including aircraft handling, cargo handling, passenger handling, passenger profiling, crew transportation, energy and power distribution and leasing of ground handling equipment.

2. Basis of preparation

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

The financial statements were authorised for issue by the directors on 28 May 2020.

(b) Functional and presentation currency
These financial statements are presented in the Nigerian Naira, which is the Group's functional currency. Except as indicated, financial information presented in Naira has been rounded to the nearest thousands.

(c) Basis of measurement
These financial statements are prepared on the historical cost basis.

(d) Use of estimates and judgments
The preparation of financial statements in conformity with the IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

2. Basis of preparation – Continued

(d) Use of estimates and judgments - Continued

Judgments

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

Determining the timing of satisfaction of Ground and Cargo Handling Services

Revenue from contract with customers is to be recognized over time because the customer simultaneously receives and consumes the benefits provided by the Company. The fact that another entity would not need to re-perform the service that the Company has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Company's performance as it performs.

The Company has determined that the input method is the best method in measuring progress of Ground and Cargo Handling Services contracts because it can demonstrate that the invoiced amount corresponds directly with the value to the customer of the Company's performance completed to date.

Operating lease commitments – Group as lessor

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

Going concern

The group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Estimates and assumptions

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

Discount rate used to determine the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) as it relates to each specific subsidiary to measure lease liabilities. The IBR is the rate of interest that each entity in the Group would have to pay to

2. Basis of preparation – Continued

(d) Use of estimates and judgments – Continued

borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.
The Group estimates the IBR using the following steps:

Step 1: Reference rate: This is generally a government bond reflecting risk-free rate. Repayment profile was considered when aligning the term of the lease with the term for the source of the reference rate.

Step 2: Financing spread adjustment: Use credit spreads from debt with the appropriate term by considering Company's stand-alone credit rating or similar Company credit rating.

Step 3: Lease specific adjustment: Use of market yield for the leased assets, as an additional data point and to check the overall IBRs calculated.

Re-assessment of useful lives and residual values
The Group carries its PPE at cost less accumulated depreciation and impairment in the consolidated and separate statements of financial position. The annual review of the useful lives and residual value of PPE result in the use of significant management judgements.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

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

2. Basis of preparation – Continued

(d) Use of estimates and judgments – Continued

Provision for expected credit losses of trade receivable
The company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is initially based on the Company's historical observed default rates. The company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Taxes
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2019. 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. Specifically, the Group controls an investee if, and only if, the Group has:

• Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)

• Exposure, or rights, to variable returns from its involvement with the investee

• The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

• The contractual arrangement(s) with the other vote holders of the investee

• Rights arising from other contractual arrangements

• The Group's voting rights and potential voting rights

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognized at fair value.

(b) Foreign currency

Foreign currrency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at each reporting date are retranslated to the functional currency at exchange rates as at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the functional currency translated at the exchange rate at the end of the year. Differences arising on settlement or translation of monetary items are recognised in the profit or loss.

3. Significant accounting policies - Continued

(c) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

Any gains or losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the profit and loss.

Subsequent costs

The cost of replacing part of an item of property or plant is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably.

The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in the profit or loss as incurred.

Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date the asset is completed and available for use. Depreciation ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

The estimated useful lives for the current and comparative period are as follows:

Buildings	50 years
Land	Over the lease period
Computer hardware	3-10 years
Furniture, fittings & equipment	2-10 years
Motor vehicles	4- 5 years
Plant and machinery	6-15 years
Capital work-in-progress	Not depreciated

Depreciation methods, useful lives and residual values are reviewed at each financial year- end and adjusted if appropriate.

3. Significant accounting policies - Continued

De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss in the year the asset is derecognised.

(d) Intangible assets

The group's intangible assets comprise software that are not integral part of the related hardware. The intangible assets have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the profit or loss when the asset is derecognised.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(e) Inventories

Inventories are shown at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost includes direct cost and appropriate overheads and is determined on the first-in first-out method.

(f) Financial Instruments

i) Financial assets

Recognition

Non-derivative financial instruments- recognition and measurement

The Group recognizes a financial asset when it becomes a party to the contractual provisions of the instrument. The Group initially recognizes trade and other receivables on the date of transaction. Transaction cost of a financial asset measured at fair value through profit or loss is recognized as profit or loss.

Classification of non-derivative financial assets

Classification and measurement model of non-derivative financial assets are summarized as follows. The Group classifies financial assets at initial recognition as financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income,

3. Significant accounting policies - Continued

(f) Financial Instruments – Continued

i) Financial assets – Continued

equity instruments measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss.

Financial assets measured at amortized cost
A financial asset that meets both the following condition is classified as a financial asset measured at amortized cost.
• The financial asset is held within the Group's business model whose objective is to hold assets in order to collect contractual cash flows.

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction cost directly attributable to the asset. After initial recognition, carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, net of impairment loss, if necessary.

Debt instruments measured at fair value through other comprehensive income

A debt instrument that meets both the following condition is classified as a financial asset measured at fair value through other comprehensive income.

• The financial asset is held within the Group's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included as "financial asset at fair value through other comprehensive income" in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to profit or loss when debt instrument is derecognized.

Cash and cash equivalents

Cash and cash equivalents comprise of cash, bank balances and call deposits with original maturities of three months or less.

Trade and other payables

Trade and other payables are stated at amortised cost using the effective interest method. Short-duration other payables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest would be significant.

3. Significant accounting policies – Continued

(f) Financial Instruments – Continued

Derecognition of financial assets

Others

Other non-derivative financial instruments which comprise of loans and receivables, and other financial liabilities are measured at amortised cost using the effective interest method, less any impairment losses. Short-term trade receivables, other receivables, trade payables and other payables with no stated interest rate are carried at original invoice amounts where the effect of discounting is not significant.

The Group derecognises a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cashflows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

(i) Financial liabilities measured at amortized cost

The Group derecognizes its financial asset if the contractual rights to the cash flows from the investment expire, or the Group transfers substantially all the risks and rewards of ownership of the financial asset. Any interests in transferred financial assets that are created or continuously retained by the Group are recognized as a separate asset or liability.

ii. Non-derivative financial liabilities.

Recognition and measurement of financial liabilities

The Group recognizes financial debt when the Group becomes a party to the contractual provisions of the instruments. The measurement of financial debt is explained in (b) Classification of financial liabilities.

(b) Classification of financial liabilities

A financial liability other than those measured at fair value through profit or loss is classified as a financial liability measured at amortized cost. A financial liability at amortized cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. After initial recognition, the financial liability is measured at amortized cost based on the effective interest rate method.

(c) Derecognition of financial liabilities

The Group derecognizes a financial liability when the financial liability is distinguished, i.e. when the contractual obligation is discharged or cancelled or expired.

Impairment of financial asset

3. Significant accounting policies - Continued

(f) Financial Instruments – Continued

The Group recognizes 12-month expected credit loss as loss allowance when there is no significant increase in the credit risk since initial recognition. When there is a significant increase in credit risk since initial recognition, expected credit losses for the remaining life of the financial assets are recognized as loss allowance. Whether credit risk is significantly increased or not is determined based on the changes in default risk. To determine if there is a change in default risk, following factors are considered. However, the Group always measures loss allowance for trade receivables at an amount equal to lifetime expected credit losses.

- External credit rating of the financial asset
- Downgrade of internal credit rating
- Operating results, such as decrease in sales, decrease in working capital, asset deterioration and increase in leverage

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

3. Significant accounting policies – Continued

(f) Financial Instruments – Continued

Initial recognition and measurement-continued

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for impairment. The carrying amount of trade receivable is reduced through the use of an allowance account. When trade receivables are uncollectible, it is written off as 'administrative expenses' in the profit or loss. Subsequent recoveries of amounts previously written off are included in other operating income.

Cash and cash equivalents
Cash and cash equivalents comprise of cash, bank balances and call deposits with original maturities of three months or less.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

• The rights to receive cash flows from the asset have expired

Or

• The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

(g) Share Capital

Ordinary Shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as deductions from equity, net of any tax effects.

Dividend on ordinary shares
Dividends on the Group's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Group's shareholders.

(h) Taxation
Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustment required for prior period.

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is not recognised for the temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

3. Significant accounting policies – Continued

(i) Impairment of financial instruments

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(j) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3. Significant accounting policies – Continued

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(l) Revenue from customers from contract

The group is involved in aviation cargo, aircraft handling, crew and passenger transportation service delivery and power distribution. Revenue from contract from customer is recognized when controls of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in an exchange for those goods and services.

Passenger and Aircraft Handling services

The performance obligation is satisfied overtime and payment is generally due upon completion and acceptance of the customers.

Cargo Handling services

These are contracts with customers with respect to cargo handling services and the performance is satisfied overtime and payment is generally due upon completion and acceptance of the customers.

(l) Finance income and expense

Finance income comprise of interest on funds invested. Finance costs comprise interest expense on borrowings, exchange differences on financial instruments and bank charges.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the profit and loss using the effective interest method. Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position except for foreign currency translation differences recorded in other comprehensive income.

3. Significant accounting policies – Continued

(m) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production of goods and services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and impairment loss. Cost includes expenditure that is directly attributable to the acquisiton of the investment property. Investment property held by the Group is depreciated over the estimated useful life of 50 years on a straight- line basis. Fair values are determined at the end of the reporting period and disclosed.

(n) Earnings per share

The group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

(o) Fair value measurement

The group measures financial instruments and non-financial assets such as investment properties, at fair value at each balance sheet date.

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 either:

• 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 principal or the most advantageous market must be accessible by the Group.

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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 is directly or indirectly observable

• Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. Significant accounting policies – Continued

(p) Current versus non-current classification

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

• Expected to be realised or intended to be sold or consumed in the normal operating cycle
• Held primarily for the purpose of trading
• Expected to be realised within twelve months after the reporting period
Or
• Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

• It is expected to be settled in the normal operating cycle
• It is held primarily for the purpose of trading
• It is due to be settled within twelve months after the reporting period
Or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(q) Policy on lease prior to 1 January 2019

Leased assets

Leases in term of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Lease Payments

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject to a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

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. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. Significant accounting policies – Continued

Policy on lease from 1 January 2019
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lease
The Group applies a single recognition and measurement approach for all leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right of use of assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, plus any accrued lease liabilities or prepayments. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

• Office building 15-20 years
If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.
The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (2) Impairment of non-financial assets.

ii) Lease Liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include only fixed payments.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short term leases
The Group applies the short-term lease recognition exemption to its short-term leases of properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

3. Significant accounting policies – Continued

Policy on lease from 1 January 2019-continued

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Group as a lessee
The Group has lease contracts for various land and buildings used in its operations. Leases of land and buildings generally have lease terms between 15 to 20 years.The Group's obligations under its leases are secured by the lessor's title to the leased assets. Most of these lease contracts contain extension and termination options which have been considered in the non-cancellabe period of the lease.

4a. Changes in accounting policies and disclosures

New and amended standards and interpretations
The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated and separate financial statements of the Group and the Company. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases
IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

4a. Changes in accounting policies and disclosures-continued

New and amended standards and interpretations – Continued

IFRS 16- LEASES- continued
The effect of adopting IFRS 16 is, as follows:

Impact on the consolidated statement of financial position (increase/(decrease)):

	Group 1January 2019 ₦'000	Company 1 January 2019 ₦'000
Right of use assets	903,637	894,987
Property, plant and equipment		
Prepayments	(955)	(955)
Total assets	902,682	894,032
Equity		
Retained earnings		
Non-controlling interests		
Total equity		
Liabilities		
Lease Liabilities	928,088	919,438
Deferred tax liabilities		
Trade and other payables	(25,406)	(25,406)
Total Liabilities	902,682	894,032

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

Assets	The Group ₦'000	The Company ₦'000
Operating lease commitments as at 31 December 2018*	4,208,513	4,036,837
Weighted average incremental borrowing rate as at 1 January 2019	20.16%	20.16%
Discounted operating lease commitments as at 1 January 2019	1,224,244	1,214,919
Less: Commitments relating to short-term leases	(296,156)	(295,481)
Lease liabilities as at 1 January 2019	928,088	919,438

4a. Changes in accounting policies and disclosures-continued

New and amended standards and interpretations – Continued

IFRS 16- LEASES- continued
*The operating lease commitments as at 31 December 2018 stated above was not disclosed in the 2018 financial statements.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments
Effective for annual periods beginning on or after 1 January 2019.

In June 2017, the IASB issued IFRIC Interpretation 23 which clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

Scope
The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

Key requirements
The interpretation specifically addresses the following:
• Whether an entity considers uncertain tax treatments separately
• The assumptions an entity makes about the examination of tax treatments by taxation authorities
• How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
• How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

Effective date and transition
The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

Several other amendments and interpretation apply for the first time in 2019 but do not have an impact on the consolidated and separate financial statements of the Group and the Company.
- Prepayment Features with Negative Compensation -Amendments to IFRS 9
- Long-term Interests in Associates and Joint Ventures-Amendments to IAS 28
- Plan Amendment, Curtailment or Settlement-Amendments to IAS 19
- AIP IFRS 3 Business Combinations - Previously held-Interests in a joint operation
- AIP IFRS 11 Joint Arrangements - Previously held-Interests in a joint operation
- AIP IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity
- AIP IAS 23 Borrowing Costs - Borrowing costs eligible for capitalization

4b. Standards issued but not effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short- duration which typically applies to certain non-life insurance contracts.

The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cashflows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period)
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period.
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in profit or loss but are recognised directly on the statement of financial position.
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2022, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach. The Company started a project to implement IFRS 17 and has been performing a high-level impact assessment of IFRS 17. The Company expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Company and is likely to have a significant impact on profit and total equity together with presentation and disclosure.
In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application- 1 January 2020, the Company will not be affected by these amendments on the date of transition.

4b. Standards issued but not effective-continued

Amendments to IAS 1 and IAS 8: Definition of Material
In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

The Conceptual Framework for Financial Reporting
The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:
· increasing the prominence of stewardship in the objective of financial reporting
· reinstating prudence as a component of neutrality
· defining a reporting entity, which may be a legal entity, or a portion of an entity · revising the definitions of an asset and a liability
· removing the probability threshold for recognition and adding guidance on derecognition
· adding guidance on different measurement basis, and
· stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.
No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework. The Conceptual Framework will have no material impact on the Company.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Company will apply these amendments when they become effective.

Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7
In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

These amendments is effective for annual reporting periods beginning on or after 1 January 2020. The Company does not expect these amendments to have impact on its financial statements when they become effective.

4b. Standards issued but not effective-continued

The amendments to IFRS 9
The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

Application of the reliefs is mandatory. The first three reliefs provide for:
• The assessment of whether a forecast transaction (or component thereof) is highly probable
• Assessing when to reclassify the amount in the cash flow hedge reserve to profit and loss
• The assessment of the economic relationship between the hedged item and the hedging instrument

For each of these reliefs, it is assumed that the benchmark on which the hedged cash flows are based (whether or not contractually specified) and/or, for relief three, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. The fourth relief provides that, for a benchmark component of interest rate risk that is affected by IBOR reform, the requirement that the risk component is separately identifiable need be met only at the inception of the hedging relationship.

Where hedging instruments and hedged items may be added to or removed from an open portfolio in a continuous hedging strategy, the separately identifiable requirement need only be met when hedged items are initially designated within the hedging relationship.

To the extent that a hedging instrument is altered so that its cash flows are based on an RFR, but the hedged item is still based on IBOR (or vice versa), there is no relief from measuring and recording any ineffectiveness that arises due to differences in their changes in fair value. The reliefs continue indefinitely in the absence of any of the events described in the amendments.

When an entity designates a group of items as the hedged item, the requirements for when the reliefs cease are applied separately to each individual item within the designated group of items. The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied.

The amendments to IAS 39
The corresponding amendments are consistent with those for IFRS 9, but with the following differences:
• For the prospective assessment of hedge effectiveness, it is assumed that the benchmark on which the hedged cash flows are based (whether or not it is contractually specified) and/or the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform.
• For the retrospective assessment of hedge effectiveness, to allow the hedge to pass the assessment even if the actual results of the hedge are temporarily outside the 80%-125% range, during the period of uncertainty arising from IBOR reform.
• For a hedge of a benchmark portion (rather than a risk component under IFRS 9) of interest rate risk that is affected by IBOR reform, the requirement that the portion is separately identifiable need be met only at the inception of the hedge.

4b. Standards issued but not effective-continued

Classification of Liabilities as Current or Non-current - Amendments to IAS 1
In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.
The amendments clarify:
• What is meant by a right to defer settlement
• That a right to defer must exist at the end of the reporting period
• That classification is unaffected by the likelihood that an entity will exercise its deferral right
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

Right to defer settlement
The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date.

Existence at the end of the reporting period
The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

The new guidance will be effective for annual periods starting on or after 1 January 2022

5. Revenue
The Company's revenue represents the amount invoiced to customers for passenger handling, ground handling and cargo less trade discounts but excluding value added tax.

	Group		Company	
Revenue from Contracts with Customer:	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
Passenger/aircraft handling	5,351,383	5,343,163	5,371,696	5,344,891
Leasing	262,241	276,950	-	-
Cargo handling	3,957,625	3,767,808	3,773,605	3,377,159
Equipment rental and maintenance	424,896	387,594	424,896	387,594
Total Revenue	9,996,145	9,775,515	9,570,197	9,109,644

Passenger/aircraft handling: Income from passenger handling includes invoices raised for check in formalities, passenger profiling, security and baggage handling (loading and offloading).

Cargo Handling: These include invoices raised for; cargo documentation services for airlines, import and export cargo facilitation through Nigeria's biggest network of customs bonded warehouses in Lagos, Kano, Abuja, Port-Harcourt and Enugu, using Galaxy computerisation system, which ensures safe storage and easy retrieval of cargoes.

Equipment rental and maintenance: The group leases its equipment to airlines for services that are not covered in the Standard Ground Handling Agreement.

Leasing: A subsidiary, NFZ ltd is into the leasing of properties and heavy-duty equipment to different Airline companies

b. Ten major customers contributed ₦5.86billion (2018: ₦3.8billion) towards the revenue of the Group.

6. Other income

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
Rental income from investment property (Note 30)	159,855	200,294	156,142	141,451
Sundry Income	79,002	64,142	75,549	81,954
Foreign exchange loss – unrealized	(3,106)	(2,326)	(3,106)	(2,326)
Profit on disposal of property, plant and equipment	8,179	242	8,179	242
Income from training services	1,102	1,175	1,102	1,175
	245,032	263,257	237,866	222,496

7. Finance income and expense

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
Finance income:				
Interest income on bond reserve (Note 17)	12,666	12,771	12,666	12,771
Interest income on treasury bill	51,357	23,071	51,357	23,071
Interest income on fixed & bank deposits	109,053	184,837	103,855	184,837
Interest income on loan	-	-	-	65,803
	173,076	220,679	167,878	286,482
Interest expense on financial liabilities measured at amortised cost				
Interest on bond	114,335	162,476	114,335	162,476
Other bond charges	3,351	7,300	3,351	7,300
Interest cost on lease liabilities	182,633	-	182,203	-
Finance costs	300,319	169,776	299,889	169,776
Net finance (costs)/income	(127,243)	50,903	(132,011)	116,706

Finance income comprises interest income on funds invested. Finance costs comprise of interest expenses on borrowings. Effective June 2016, Tranche 2 bond was restructured to enable half - yearly liquidation of principal and interest renegotiated to 15.75% per annum.

The full effect of the gains due to the restructuring of bond 2 will be felt incrementally over five year's period to 2020.

8. Taxation

(a) The tax charge for the period comprises:

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
Company income tax	198,638	117,765	180,813	104,963
Education tax	33,979	22,014	32,620	20,992
Prior year under provision	30,558	110,529	30,558	110,529
	263,175	250,308	243,991	236,484
Deferred tax(Note 8c)	360,129	56,136	359,755	53,564
	623,304	306,443	603,746	290,048

(b) The movement on the current tax payable account during the year was as follows:

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
At 1 January	355,301	192,976	340,618	190,824
Charge for the year (Note 8a)	263,175	250,308	243,991	236,484
Payments made during the year	(109,555)	(87,983)	(97,676)	(86,691)
At 31 December	508,921	355,301	486,933	340,617

Reconciliation between tax expense and the product of accounting profit for the year ended 31 December 2019 is as follows:

	Group		Company	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Accounting profit before income tax	1,091,832	503,237	1,040,114	299,754
At Nigeria's statutory income tax rate of 30% (2018: 30%)	327,550	150,971	312,034	89,926
Education tax	33,979	22,014	32,620	20,992
Non-deductible expenses	286,494	233,614	281,622	231,974
Non-taxable income	(104,361)	(9,526)	(104,361)	(7,012)
Under provision in the previous year	30,558	110,529	30,558	110,529
Capital Allowance unabsorbed Balancing Charge	49,084	(201,159)	51,273	(156,361)
Income tax expense reported in the profit or loss	623,304	306,443	603,746	290,048
Effective tax rate (%)	57	61	58	98

8. Taxation- continued

(c) The movement on the deferred tax liability during the year was as follows:

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
At 1 January	715,661	761,385	713,673	760,955
Effect of adoption of IFRS 9	-	(101,860)	-	(100,846)
As at January 1 Restated	715,661	659,525	713,673	660,109
Charge for the year	360,129	56,136	359,755	53,564
At 31 December	1,075,790	715,661	1,073,428	713,673

(c) Deferred tax liability – Continued:
Deferred tax relates to the following:
Group

	Statement of Financial Position		Statement of Comprehensive Income	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	1,333,722	1,554,407	(220,685)	583,502
Unrealised exchange loss	(931)	-	(931)	(17,517)
Effect of implementation of IFRS 9	-	-	-	101,860
Capital Allowance unutilised	-	(502,921)	502,921	(502,921)
Financial asset impairment	(257,001)	(335,825)	78,824	(108,788)
Deferred tax expense	-	-	360,129	56,136
Deferred tax liabilities	1,075,790	715,661		-

Company

	Statement of Financial Position		Statement of Comprehensive Income	
	2019	2018	2019	2018
	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	1,328,139	1,551,621	(223,482)	581,146
Unrealised exchange gain loss	(931)	-	(931)	(17,517)
Capital Allowance absorbed	-	(502,745)	502,745	(502,745)
Impairment on Debtors	(253,780)	(335,203)	81,423	(108,166)
Implementation of new standards	-	-	-	100,846
Deferred tax expense			359,755	53,564
Deferred tax liabilities	1,073,429	713,673	-	-

9a. Operating costs

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
Payroll	3,270,304	3,386,139	3,206,565	3,350,583
Pensions	235,741	350,499	233,381	350,499
Staff participatory	86,202	19,443	82,512	19,443
Ground Rent	295,480	348,198	295,480	348,198
Concession	377,800	317,456	377,800	317,456
Machine & equipment spares	194,083	278,354	194,083	226,309
Depreciation of property, plant and equipment (Note 9d)	834,350	567,600	724,325	365,192
Computer expenses	37,408	50,893	30,722	50,893
Staff uniform and protective equipment	37,789	43,097	37,789	43,097
Security charges	57,746	70,811	50,408	70,811
Fuel and lubricant	217,988	250,321	211,148	210,321
Lease rental	-	-	295,481	372,480
Relocation expense	41,632	58,736	41,632	8,732
Damaged Aircraft Cost	75,172	220,192	75,172	220,192
Hajj Expenses	63,498	47,765	63,498	47,765
Staff severance packages	211,797	14,278	196,512	14,278
Employee pension contribution	277,561	235,381	257,561	183,616
Repairs and Maintenance	141,640	206,628	128,282	115,036
Network expenses	59,617	8,739	36,937	8,584
Other operating expenses**	48,062	181,483	27,598	94,536
	6,563,870	6,656,013	6,566,886	6,418,021

** Other operating expenses consist of rent and rates, warehouse expenses, clearing etc.

9b. Administrative expenses;

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
Audit fee	14,000	14,000	14,000	14,000
Bank charges	17,159	18,254	13,332	18,254
Board expenses	243,456	502,011	240,626	471,069
Computer	16,252	78,222	14,443	77,927
Depreciation/amortization (Note 9d)	93,255	220,572	64,227	208,232
Directors' remuneration	65,316	56,757	50,220	56,757
Entertainment	4,501	2,741	4,201	2,400
Fuel & oil	7,510	2,808	7,309	2,513
Industrial Training Fund (ITF)	56,159	93,989	56,159	93,989
Insurance	120,400	87,047	117,146	82,952
Laundry and cleaning	26,061	24,902	26,061	24,902
Medical expenses	162,850	161,627	162,374	161,087
Payroll costs	774,128	771,303	771,094	706,289
Pensions	41,821	65,105	41,055	65,105
Printing & stationaries	18,960	19,289	18,712	19,289
Professional fees**	161,345	141,767	159,194	139,086
Repairs & maintenance	162,022	116,562	120,050	88,197
Staff participatory`	46,417	4,861	44,431	4,861
Training	98,700	158,162	96,790	145,176
Transport & travelling	110,567	130,569	85,416	103,954
Utilities	18,890	20,710	16,742	19,233
Hotel and accommodation	36,308	50,131	36,308	50,131
Corporate gifts	13,084	3,500	12,984	3,500
Cleaning and fumigation	26,062	23,219	26,062	23,219
Telephone	8,344	11,555	7,293	10,547
Electricity	97,094	62,287	82,694	64,175
Consumables	30,855	11,388	30,068	10,449
Other administrative expenses ***	61,718	27,063	38,395	22,262
	2,533,234	2,880,401	2,357,386	2,689,555

*** Other administrative expenses consist of business promotion, subscription, security services etc.

** Professional fees

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
Consulting fees	114,145	92,242	111,994	89,561
Registrar's fees	9,207	17,417	9,207	17,417
Legal fees	37,910	29,084	37,910	29,084
Others	83	3,024	83	3,024
	161,345	141,767	159,194	139,086

		Group		Company	
		Dec-19	Dec-18	Dec-19	Dec-18
		₦'000	₦'000	₦'000	₦'000
9c.	Expected Credit reversal/losses				
	Expected credit reversal on trade receivable (Note 31)	(334,839)	-	(334,727)	-
	Expected credit Losses- Trade Receivable (Note 31)	4,562	45,000	-	41,534
	Expected credit Loss/(reversal) on Intercompany (Note 21a)	-	-	40,397	(2,556)
	Expected credit loss on short term deposit (Note 22a)	8,211	4,405	7,603	1,919
	Expected credit (reversal)/loss on treasury bill (Note 22c)	(1,607)	619	(1,607)	619
		(323,673)	50,024	(288,334)	41,516

		Group		Company	
		Dec-19	Dec-18	Dec-19	Dec-18
		₦'000	₦'000	₦'000	₦'000
9d.	Depreciation				
	Depreciation of Property, plant and equipment (Note 11)	831,296	762,389	696,049	547,641
	Amortisation of intangible assets (Note 12)	18,088	21,653	18,088	21,653
	Depreciation of investment property (Note 13)	6,394	4,130	6,394	4,130
	Depreciation of right of use asset (Note 11a)	71,827	-	68,021	-
		927,605	788,172	788,552	573,424
	Depreciation allocation:				
	Operating Costs	834,350	567,600	724,325	365,192
	Administrative expenses	93,255	220,572	64,227	208,232
		927,605	788,172	788,552	573,424

10. Basic earnings per share

The calculation of basic earnings per share at 31 December 2019 was based on the earnings attributable to ordinary shareholders of ₦710million (2018: earnings of ₦199.63million) and on ordinary shares of 1,624,218,200 of 50k each being the average number of ordinary shares in issue during the year.

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
Profit attributable to ordinary shareholders	710,313	199,625	436,368	9,706
	=======	=======	=======	=====
Average number of ordinary shares	1,624,218	1,624,218	1,624,218	1,624,218
Basic/diluted earnings per share (Kobo)	44	12	27	1
	===	===	===	===

11. Property, Plant and Equipment - Group

GROUP	Land ₦'000	Building ₦'000	Plant & Machinery ₦'000	Motor Vehicles ₦'000	Computer Equipment ₦'000	Furniture & Equipment ₦'000	Capital WIP ₦'000	Total ₦'000
COST:								
At I January 2018	50,218	3,164,718	7,327,008	446,180	1,211,964	456,878	47,686	12,704,652
Additions	-	39,039	37,896	16,000	267,900	11,142	-	371,977
Disposal	-	-	-	(15,000)	-	(1,959)	-	(16,959)
At 31 December 2018	50,218	3,203,757	7,364,904	447,180	1,479,864	466,061	47,686	13,059,670
Additions	-	46,025	1,042,386	270,306	32,186	23,473	-	1,414,376
Disposals	-	-	(1,047)	(140,856)	-	(514)	-	(142,417)
At 31st December 2019	50,218	3,249,782	8,406,243	576,630	1,512,050	489,020	47,686	14,331,629
DEPRECIATION:								
At 1 January 2018	5,906	398,567	3,796,610	413,062	1,154,764	387,796	-	6,156,705
Charge for the year	1,002	58,194	567,690	35,839	75,989	23,675	-	762,389
Disposal	-	-	-	(14,250)	-	(1,870)	-	(16,120)
At 31 December 2018	6,908	456,761	4,364,300	434,651	1,230,753	409,601	-	6,902,974
Charge for the year	1,000	72,921	599,865	59,398	74,163	23,949	-	831,296
Disposals	-	-	(1,047)	(105,807)	-	(501)	-	(107,355)
At 31st December 2019	7,908	529,682	4,963,118	388,242	1,304,916	433,049	-	7,626,915
NET BOOK VALUE								
At 31 December 2019	42,310	2,720,100	3,443,125	188,388	207,134	55,971	47,686	6,704,714
At 31 December 2018	43,310	2,746,996	3,000,604	12,529	249,111	56,460	47,686	6,156,696

11. Property, plant and equipment – Company

	Land	Building	Plant & Machinery	Motor Vehicles	Computer Equipment	Furniture & Equipment	Capital WIP	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 January 2018	50,218	3,076,603	4,883,679	432,353	1,201,632	403,431	47,686	10,095,602
Additions	-	39,039	26,778	16,000	266,198	9,288	-	357,303
Disposal	-	-	-	(15,000)	-	(1,959)	-	(16,959)
Transfers	-	-	845,648	-	-	-	-	845,648
At 31 December 2018	50,218	3,115,642	5,756,105	433,353	1,467,830	410,760	47,686	11,281,594
Additions	-	46,025	1,042,471	228,781	29,230	21,209	-	1,367,617
Disposals	-	-	(1,047)	(140,856)	-	(514)	-	(142,417)
Transfers			* 819,162					819,162
At 31st December 2019	50,218	3,161,667	7,616,691	521,278	1,497,060	431,455	47,686	13,326,055
Depreciation								
At 1 January 2018	5,906	394,247	3,270,659	405,102	1,147,308	375,155	-	5,598,377
Charge for the year	1,002	56,432	365,192	32,383	74,342	18,290	-	547,641
Disposal		-	-	(14,250)	-	(1,870)	-	(16,120)
Transfers	-	-	93,181	-	-	-	-	93,181
At 31 December 2018	6,908	450,679	3,729,032	423,235	1,221,650	391,575	-	6,223,079
Charge for the year	1,000	71,159	483,062	50,553	72,043	18,232		696,049
Disposals			(1,047)	(105,807)	-	(501)		(107,355)
Transfers	-	-	-	-	-	-		-
At 31 December 2019	7,908	521,838	4,211,047	367,981	1,293,693	409,306	-	6,811,773
NET BOOK VALUE								
At 31st December 2019	42,310	2,639,829	3,405,644	153,297	203,367	22,150	47,686	6,514,282
At 31st December 2018	43,310	2,664,963	2,027,073	10,118	246,180	19,185	47,686	5,058,515

11. Property, plant and equipment – Company-continued
*This represents the value of property, plant and equipment transferred by NAHCO to NAHCO FTZ in 2015 which the subsidiary transferred back in 2019 which was used to offset the part of the Deposit for shares in NAHCO FTZ

None of the items of PPE has been pledged for securities for liabilities during the year. 2018; Nil)

11a. Right of use asset- Group

Cost	Building ₦'000	Total ₦'000
As at 1 January 2019	903,637	903,637
As at 31 December 2019	903,637	903,637
Depreciation		
As at 1 January 2019	-	-
Charge for the year	71,827	71,827
As at 31 December 2019	71,827	71,827
Net Book Value		
As at 31 December 2019	831,810	831,810

11a. Right of use asset- Company

Cost	Building ₦'000	Total ₦'000
As at 1 January 2019	894,987	894,987
As at 31 December 2019	894,987	894,987
Depreciation		
As at 1 January 2019	-	-
Charge for the year	68,021	68,021
As at 31 December 2019	68,021	68,021
Net Book Value		
As at 31 December 2019	826,966	826,966

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
12. Intangible assets				
Cost:				
At 1 January	440,906	440,906	347,284	347,284
At 31 December	440,906	440,906	347,284	347,284
Amortization:				
At 1 January	274,593	252,940	274,593	252,940
Amortization for the year	18,088	21,653	18,088	21,653
At 31 December	292,681	274,593	292,681	274,593
Carrying amount:				
At 31 December	148,225	166,313	54,603	72,691

13. Investment property

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
Cost:				
At 1 January	161,199	157,342	161,199	157,342
Additions	11,441	3,857	11,441	3,857
At 31 December	172,640	161,199	172,640	161,199
Depreciation:				
At 1 January	29,332	25,202	29,332	25,202
Charge for the year	6,394	4,130	6,394	4,130
At 31 December	35,726	29,332	35,726	29,332
Carrying amounts				
At 31 December	136,914	131,867	136,914	131,867

The fair value of the investment property at 31 December 2019 was ₦660million (2018: ₦625.7m). Total rental revenue from the investment property for the year ended 31 December 2019 was ₦156million (2018: ₦141million). The fair value of the properties is based on valuation performed by Jide Taiwo & Co., accredited independent valuers. Jide Taiwo & Co is a renowned specialist in valuing these types of investment properties.

13. Investment property – Continued

	Company & Group	
	Dec-19	Dec-18
	₦'000	₦'000
Total Rental income from investment properties	156,142	141,451
Direct operating expenses (including repairs and maintenance) generating rental income (included in cost of sales)	(48,659)	(57,605)
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in cost of sales)	-	-
Profit arising from investment properties	107,483	83,846

The group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties are in Note 34.

14. Investment in subsidiaries

	Company	
	Dec-19	Dec-18
	₦'000	₦'000
Shares in subsidiaries:		
Nahco FTZ Limited	10,000	10,000
Nahco Energy and Power Limited	25,500	25,500
Mainland Cargo Options Ltd	4,000	4,000
	39,500	39,500

Details of the Group's subsidiaries at the end of the reporting date are as follows:

(i) NAHCO FTZ Limited

The company holds ₦10million ordinary shares of N1 in this subsidiary, representing 100 percent of the issued share capital of ₦10million. The principal activity of this subsidiary is the management and operation of Free Trade Zone which includes: leasing of plant and equipment, logistics, warehousing, transhipment, manufacturing and provision of related services. NAHCO FTZ was granted approval to operate at the Murtala Mohammed International Airport, Lagos as NFZ by the Nigerian Export Processing Zone Authority (NEPZA) in February 2014 and the applicable fees have been paid. The company has since commenced activities towards making the zone operational.

(ii) NAHCO Energy and Infrastructure Limited

The company holds ₦25.5million ordinary shares of ₦1 in this subsidiary representing 63 percent of the issued share capital of ₦40.5million. The remaining shares are held by RHG, a shareholder of Nigerian Aviation Handling Company Plc. The company intends to carry out energy and power distribution in Nigeria.

Intercompany balances between the holding company and its subsidiaries have been eliminated on consolidation.

14. Investment in subsidiaries – Continued

(iii) Mainland Cargo Options Limited

The company holds 4million ordinary shares in the subsidiary representing 40% of the issued share capital of ₦10Million. The remaining 60% are owned by NAHCO Energy and Power Limited. In addition, the business strategy, operations and the board of the Company are under the control of Nigerian Aviation Handling Company Plc. The company is into cargo logistics and started operations in 2015.

Disclosure of Entity with Non-Controlling Interest within the group
Summary of financial position
and performance of Mainland Cargo Options
Limited as at 31 December 2019 is as shown below:

Proportion of equity interests held by non-controlling interests	"Country of incorporation and Operation"	22.20%	22.20%
		31/12/2019	31/12/2018
Mainland Cargo Options Limited	Nigeria	₦'000	₦'000
Non-current assets		25,416	9,287
Current assets		227,882	150,515
Total assets		253,298	159,802
Total equity		78,375	46,039
Non-controlling interest		16,299	9,088
Non-current liabilities		2,361	2,164
Current liabilities		172,562	111,599
Total Equity and Liabilities		253,298	159,802

Summarized Statement of comprehensive income

	31/12/2019 ₦'000	31/12/201 ₦'000
Revenue	163,708	390,649
Profit	32,336	29,200
Profit attributable to the owners of the company	25,125	22,688
Profit attributable to the non-controlling interests	7,211	6,512
Other Comprehensive income	-	-
Total Comprehensive income	32,336	33,023
Summary of Cashflow		
Net cashflow (used in)/ from operating activities	(11,700)	32,161
Net cashflow used in investing activities	(12,686)	(2,414)
Net cashflow used in financing activities	(10,610)	-

NAHCO Energy and Power Limited has not commenced operations. Hence, its summary financial statements are not provided.

15. Deposit for Shares

	Company	
	Dec-19	Dec-18
	₦'000	₦'000
As at 1 January	1,554,538	1,554,538
Transfer of Equipment from NAHCO FTZ	(819,162)	-
Intercompany Settlement	(735,376)	-
As at 31 December	-	1,554,538

This relates to the value of equipment transferred back to NAHCO by NAHCO FTZ during the year which initially was recognized as deposit for shares in NAHCO FTZ

16. Loan to subsidiary

	Company	
	Dec-19	Dec-18
	₦'000	₦'000
At 1 January	-	713,793
Impact of IFRS 9 Impairment	-	1,002
Restated balance as at 1/1/2019	-	714,795
Accrued Interest	-	65,803
Payment	-	(779,596)
Reversal of prior year impairment	-	(1,002)
At 31 December	-	-
Current	-	-
Non-current	-	-

This majorly represents the loan of $1.26million (₦211.0million) and $760,000 (₦127.3million) granted by the company to its subsidiary, NAHCO FTZ Limited in February and June 2014 respectively. These facilities are payable in 60 equal instalments from 1st January,2018 and 1st June, 2018 respectively. The facilities were fully paid off in 2018.

17. Other current assets

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
Other current assets comprise of:				
	₦'000	₦'000	₦'000	₦'000
Bond repayment fund-				
At 1 January	40,850	11,079	40,850	11,079
Interest earned on fund in 2019	12,666	12,771	12,666	12,771
Additions during the year	444,040	506,689	444,040	506,689
	497,556	530,539	497,556	530,539
Interest distributions	(113,844)	(166,715)	(113,844)	(166,715)
Periodic liquidation on Principal - Tranche 2	(375,846)	(322,974)	(375,846)	(322,974)
At 31 December	7,866	40,850	7,866	40,850

17. Other current assets-continued

The balance on this account represents the amount available in the Debt Service Reserve Account for the eventual repayment of the principal amount of the Bond. An amount is set aside every month toward settlement of bi- annual interests and eventual repayment of principal to bond holders. Tranche 1 bond series repayment was completed in September 2016 and the liability was fully discharged. The amount accrued as at 31 December 2019 is held by the Trustees. (See Note 28)

18. Inventories

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
Spare parts	214,704	206,399	214,704	206,399
Stationeries/medical	56,516	36,627	56,516	36,627
Diesel	13,571	13,161	13,571	13,161
	284,791	256,187	284,791	256,187

Inventories recognized as an expense during 2019 amount to ₦151.89million (2018: ₦82.4million). This is recognized in operating costs. No amount was recognized for inventory write down during the year (2018: Nil).

19. Prepayments

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
Prepayments comprise:				
Deposit for property, plant & equipment	2,108,328	648,626	1,915,443	471,901
Prepaid insurance	117,951	21,113	117,444	20,184
Prepaid Stock	42,642	54,118	42,640	54,117
Others	41,230	31,072	22,087	11,569
	2,310,151	754,929	2,097,614	557,771

Amount for deposit for assets is largely made up of assets paid for but yet to be delivered.

20. Trade and other receivables

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
Trade and other receivables comprise:				
Trade receivables (Note 31)	2,292,872	2,347,469	2,118,183	2,267,726
Less Impairment (Note31)	(793,384)	(1,123,661)	(782,619)	(1,117,346)
	1,499,488	1,223,808	1,335,564	1,150,380
Withholding tax receivable	681,713	472,389	675,710	469,445
Other receivables	353,439	321,520	339,947	313,872
	2,534,640	2,017,717	2,351,221	1,933,697

Trade receivables are invoices on ground handling services issued to customers net of taxes and impairment on the debts. The group's credit policy allows a 30-day credit period for all its customers. Other receivables consist of advances to staff for routine services to be carried out. This is to be retired within fourteen (14) days or on the completion of projects.

21. Intercompany receivables

	Company	
	Dec-19	Dec-18
	₦'000	₦'000
NFZ	168,766	-
Power and Energy	420,760	420,760
Mainland Cargo Options	41,095	41,076
	630,621	461,836
Less Impairment(Note 32)	(47,863)	(7,466)
	582,758	454,370

Intercompany payables

	Company	
	Dec-19	Dec-18
	₦'000	₦'000
NFZ	-	316,999
Power and Energy	-	-
Mainland Cargo Options	-	-
	-	316,999
Net Receivable	582,758	137,371

21a. Impairment of Intercompany receivables

	Dec-19	Dec-18
	₦'000	₦'000
As at 1 January	7,466	10,022
Impairment Loss (reversal) (Note 9c)	40,397	(2,556)
As at 31 December	47,863	7,466

21. Intercompany receivables-continued

Intercompany receivables are funding assistance provided to subsidiaries to finance operations. The fund is repayable on demand & attracts no interest. Intercompany receivables are eliminated in the consolidated accounts of the Group.

Refer to Note 21b for details of related party transactions.

21b. Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year (for information regarding outstanding balances at 31 December 2019 and 2018, refer to Note 21:

21b. Related party transactions – Continued

		Payments on behalf of elated parties ₦'000	Rent/ service charge ₦'000	Amounts due from related parties ₦'000
NFZ	2019	168,766	-	168,766
	2018	-	-	-
Power and Energy Limited	2019	420,760	-	420,760
	2018	420,760	-	420,760
Mainland Cargo Options	2019	-	41,095	41,095
	2018	-	41,076	41,076

Nature of related party transactions
Intercompany receivables are payments made on behalf of the subsidiaries. The subsidiaries have been informed and the company expects to get value from the subsidiaries.
Intercompany receivables are eliminated in the consolidated accounts of the Group.

Parent
The ultimate controlling party of the Group is Nigerian Aviation Handling Company Plc (nahco aviance). The company acquired a 100% stake in a Subsidiary Company, NAHCO FTZ and a 63% and 40% stake in the second and third subsidiaries; NAHCO Energy and Power and MCO respectively.

Key Management Personnel (KMP)
Key management personnel are those who have authority and responsibility for planning, directing and controlling activities in the Group either directly or indirectly. These include;
1. Executive Directors
2. Non- Executive Directors
3. Management team that implements Board strategies by Board delegated authority
4. Key Management Personnel of the company's subsidiaries: NAHCO NFZ, NAHCO Energy and Power and Mainland Cargo Options Ltd.

Transactions with key management personnel
There were no transactions with key management personnel or their close family members (2018:Nil).

Loans to directors
The group did not lend money to any of its Directors during the year under review.

Payments on behalf of key management personnel (KMP):
There were no payments made on behalf of the KMPs during the year in review. (2018: Nil)

Key management personnel compensation:
Variable pay is applicable to Executive Directors and other Senior Management personnel. A total of ₦32 million (2018: ₦13.98million) is deferred subject to performance conditions of the Group and individuals.

Key management personnel compensation for the year comprised:

21b.Related party transactions – Continued

	Group 2019	Group 2018	Company 2019	Company 2018
Aggregate No. of persons- Snr Mgt.	13	12	9	8
Aggregate No. of persons- Non-Exec. Directors.	11	10	8	8
Other Members	-	-		
Total	24	22	17	16

	Group 2019 ₦'000	Group 2018 ₦'000	Company 2019 ₦'000	Company 2018 ₦'000
Short-term employee benefits- Fixed	149,069	165,574	136,424	125,016
Short-term employee benefits- Variable	88,069	79,709	78,904	79,002
Total	237,138	245,283	215,328	204,018

Transactions with other related party
The following are the related parties of the Group;
1. Key management personnel of NAHCO Plc and close members of their families.
2. Key management personnel of the subsidiaries, NAHCO FTZ, NAHCO Energy and MAINLAND CARGO OPTIONS.
3. Entities controlled by the above or where they have significant influence.
The transaction values and outstanding balances due from or (due to) the related parties were as follows:

Trade relationships with related parties	Transaction value for the year 2019 ₦'000	Transaction value for the year 2018 ₦'000	Balance outstanding 2019 ₦'000	Balance outstanding 2018 ₦'000
Revenues;				
Lufthansa Airlines	541,015	553,232	37,814	69,808
Air France/ KLM	405,879	465,624	64,591	74,353
	946,894	1,018,856	102,405	144,161

Lufthansa Airlines, KLM and Air France (shareholders of the Group) entered into a Standard Ground handling Agreement (SGHA) with NAHCO Plc. The value of the services rendered during the year is disclosed above.

All outstanding balances due to/from the related parties are priced at best price basis and are to be settled in cash. None of these balances is secured. Both Lufthansa and Air France/KLM however, divested from the Company before the year end 2018.

Entity with control by the Company
NAHCO Free Trade Zone
NAHCO Energy and Power Limited
Mainland Cargo Options.

21b. Related party transactions – Continued

Terms and conditions of transactions with related party
Outstanding balances at the year-end are advances made to the related parties for the purpose of their operations. There have been no guarantees provided for any related party payables.

22. Cash and cash equivalents

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
Bank and cash balances	208,582	827,958	186,451	760,204
Domiciliary accounts	267,090	429,526	216,407	405,465
Short term deposits(Note 22)	1,103,209	1,449,285	1,088,210	1,438,885
	1,579,281	2,706,769	1,491,068	2,604,554
Impairment of short-term deposits (Note 22a)	(16,059)	(7,848)	(15,449)	(7,846)
Net cash & cash equivalents	1,563,222	2,698,921	1,475,619	2,596,708

Included in short term deposits is the investment placed for unclaimed dividend as at 31 December 2019.

Short-term deposits are made for varying period between one day and three months depending on the Immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

22a. Impairment of short-term deposits

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
As at 1 January	7,848	3,443	7,846	5,927
Impairment Loss (Note 9c)	8,211	4,405	7,603	1,919
As at 31 December	16,059	7,848	15,449	7,846

22b. Debt Instrument at Amortized costs

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
As at 1 January	124,191	200,000	124,191	200,000
Liquidation	(124,191)	(200,000)	(124,191)	(200,000)
Treasury Bill (Note 32)	187,362	124,191	187,362	124,191
Expected credit losses (Note 32)	(194)	(1,801)	(194)	(1,801)
As at 31 December Federal Govt Treasury Bill	187,168	122,390	187,168	122,390

This relates to the Group's investment in federal government of Nigeria treasury bills and issued by the central bank of Nigeria.

22. Cash and cash equivalents-continued

22c. Expected credit losses of debt instrument at amortized cost

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
As at 1 January	1,801	1,182	1,801	1,182
Expected credit (reversal)/loss (Note 9c)	(1,607)	619	(1,607)	619
As at 31 December	194	1,801	194	1,801

23. Share capital

		Group		Company	
		Dec-19	Dec-18	Dec-19	Dec-18
		₦'000	₦'000	₦'000	₦'000
(a)	3,000,000,000 ordinary shares of 50 kobo each	1,500,000	1,500,000	1,500,000	1,500,000
(b)	1,624,218,700 called-up and fully paid ordinary shares of 50 kobo each	812,109	812,109	812,109	812,109

All shares rank equally with regard to the Group's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group.

24. Share premium

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
At 31 December	1,914,758	1,914,758	1,914,758	1,914,758

Share premium is the excess paid by shareholders over the nominal value for their shares.

25. Dividend proposed

The directors will propose 30k dividend for FY2019 at the next Annual General Meeting (2018: 25 kobo) The dividend is subject to approval by the shareholders at the Annual General Meeting. Consequently, it has not been included as a liability in these consolidated financial statements.
Refer to Note 26b for details relating to dividend.

26. Retained earnings

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
At 1 January	3,727,884	4,171,551	4,037,679	4,669,335
Dividend paid(Note 26b)	(406,055)	(406,055)	(406,055)	(406,055)
Total comprehensive income for the year	710,313	199,625	436,368	9,706
Re-statement due to IFRS adoption	-	(237,237)	-	(235,307)
At 31 December	4,032,142	3,727,884	4,067,992	4,037,679

Retained earnings represent the income net of expenses from past periods, carried forward plus current period profit attributable to shareholders.

26b. Changes in liabilities arising from financing activities

	1 January 2019 ₦'000	Dividend declared ₦'000	Cash flows ₦'000	31 December 2019 ₦'000
Dividend declared and paid	-	406,055	(406,055)	-
Unclaimed Dividend	566,606	-	(10,087)	556,519
Total liabilities from financing activities	566,606	406,055	(416,142)	556,519

	1 January 2018 ₦'000	Dividend declared ₦'000	Cash flows ₦'000	31 December 2018 ₦'000
Dividend declared and paid	-	406,055	(406,055)	-
Unclaimed Dividend	480,559	-	86,047	566,606
Total liabilities from financing activities	480,559	406,055	(320,008)	566,606

26c. Dividend Per share

		Group		Company
	Dec-19 ₦'000	Dec-18 ₦'000	Dec-19 ₦'000	Dec-18 ₦'000
Dividend approved and paid	406,055	406,055	406,055	406,055
Number of shares in issue	1,624,218	1,624,218	1,624,218	1,624,618
Dividend Per share (kobo)	0.25	0.25	0.25	0.25

27. Non-controlling interests

Group	Dec-19 ₦'000	Dec-18 ₦'000
At 1 January	(130,911)	(127,645)
Share of prior year re-statement	-	(435)
Share of current year profit/(losses)	6,886	(2,831)
At 31 December	(124,025)	(130,911)

This represents the portion of the minority shareholder in the called-up share capital of the subsidiary, NAHCO Energy and Power Limited, together with their share of losses that are attributable to their proportion of the ordinary share capital.

28. Loans and borrowings

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
Unsecured at amortised cost:				
At 1 January	815,433	1,135,346	815,433	1,135,346
Interest expense	114,335	169,776	114,335	169,776
Part Liquidation	(375,846)	(322,974)	(375,846)	(322,974)
Interest paid	(113,844)	(166,715)	(113,844)	(166,715)
At 31 December	440,078	815,433	440,078	815,433
Non-current	-	439,588	-	439,588
Current	440,078	375,845	440,078	375,845
	440,078	815,433	440,078	815,433

In September 2009, the Group obtained approval to raise ₦5billion bond but decided to raise it in tranches.

Tranche 1 for ₦2.15billion at 13 percent per annum was raised in October 2011 and had a 5-year tenor. The proceeds have since been used to finance the modernisation of the warehouse and acquisition of state-of-the-art Ground Handling Equipment (GSE).

Tranche 2 for ₦2.05billion at 15.25 percent per annum was raised in December 2013 and has a 7-year tenor. The proceed has been used to finance the acquisition of GSEs and the Company's inorganic expansion.

Interest is paid to investors biannually while the capitalised sum is expected to be paid at the end of the tenor of each tranche. During the year under review, the Group sought approval from bondholders to restructure the tranche 2 bond to enable principal liquidation on a semi-annual basis. 25% of the bond was liquidated at June 2016 and the balance was spread for semi- annual liquidation over the remaining years of the bond. A premium of 0.5% was agreed as premium jacking the interest on tranche 2 to 15.75%.

Also, the tranche 1 bond was completely paid off and all liabilities discharged accordingly. The Trustees, (First Trustees Limited), maintain an account into which monthly remittances by the Group are made towards offsetting the biannual interest payments as well as repayment of the capital sum. The group's cashflow is therefore not expected to be affected on maturity as repayment would have been fully provided for.

28a. Lease Liabilities

	Building	Building
	Group	Company
Cost	₦'000	₦'000
At 1 January 2019	928,088	919,438
Accretion of interest	182,633	182,203
Payment	(32,427)	(26,027)
As at 31 December 2019	1,078,294	1,075,614

28a. Lease Liabilities-continued

	₦'000	₦'000
Current	161,780	160,076
Non-current	916,514	915,538
	1,078,294	1,075,614

The following are the amounts recognized in profit or loss:

	2019 Group ₦'000	2019 Company ₦'000
Depreciation expense of right-of-use assets	71,827	68,021
Short term leases	420,219	419,536
Interest expense on lease liabilities	182,633	182,203
Total Amount recognized in profit or loss	674,679	699,760

29. Trade and other payables

Trade and other payables comprise:

	Group Dec-19 ₦'000	Group Dec-18 ₦'000	Company Dec-19 ₦'000	Company Dec-18 ₦'000
Trade payables	1,920,509	1,010,870	1,815,757	945,867
Other payables (Note 29.1)	2,980,768	3,021,221	2,846,576	2,897,554
	4,901,277	4,032,091	4,662,333	3,843,421

The group maintains a 60 days credit period with all vendors.

29.1 Other payables

	Group Dec-19 ₦'000	Group Dec-18 ₦'000	Company Dec-19 ₦'000	Company Dec-18 ₦'000
Bond accrued interest	630	5,563	630	5,563
VAT payable	238,345	225,883	142,754	142,087
WHT Payable	66,318	11,545	63,506	8,055
Amount due to government agencies	142,643	169,967	142,023	156,609
Concession fee: FAAN rental & service charge	665,347	672,399	665,347	672,399
Directors' retirement	82,500	238,927	82,500	238,927
Industrial training fund	176,691	185,095	175,661	185,094
Staff participatory scheme	132,619	30,931	126,943	30,931
Performance bonus	321,751	274,574	312,474	271,566
Unclaimed dividend (29.1.1)	556,519	566,606	556,519	566,606
Other accruals*	597,405	639,731	578,219	619,717
	2,980,768	3,021,221	2,846,576	2,897,554

* Other accruals include; Accrued charges, insurance claim payable, Provision for year-end gift, Provision for Legal fees, deposit for services, agent welfare fees etc.

29.1.1 Unclaimed dividend

Unclaimed dividend amounting to ₦556.52million (2018; 566 million) represents the funds returned to the Group by the Registrars. This amount has been invested by the Group.

30. Deferred income

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
At 1 January	103,544	161,743	24,394	25,038
Rent received during the year	126,468	142,095	105,691	140,807
Amount released to the profit or loss	(159,855)	(200,294)	(156,142)	(141,451)
At 31 December	70,157	103,544	26,057	24,394

The above represents majorly, rent received in advance from investment properties and warehouses

31. Impairment losses

The aging of trade receivables at the reporting date was:

	Group		Company	
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
Current (1- 30 days)	843,065	793,042	839,230	793,482
31-90 days	156,530	220,047	42,827	113,774
91-180 days	171,792	332,835	133,678	358,925
More than 180 days	1,121,485	1,001,545	1,102,448	1,001,545
	2,292,872	2,347,469	2,118,183	2,267,726
Impairment	(793,384)	(1,123,661)	(782,619)	(1,117,346)
	1,499,488	1,223,808	1,335,564	1,150,380

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group	Company		
	Dec-19	Dec-18	Dec-19	Dec-18
	₦'000	₦'000	₦'000	₦'000
At 1 January	1,123,661	756,790	1,117,346	756,790
Re-statement due to IFRS 9 adoption	-	321,871	-	319,022
Impairment reversal	(334,839)	-	(334,727)	-
Allowance for expected credit losses/ impairment	4,562	45,000	-	41,534
At 31 December	793,384	1,123,661	782,619	1,117,346

31. Impairment losses-continued

The expected credit losses and impairment on trade receivables were in respect of receivables for which the Group has determined that there are objective indicators of impairment. Impairment losses have been recognized based on the difference between the carrying amounts and the present value of the estimated future cash flows on these receivables. The Group holds no collateral in respect of its trade receivables. Impairment loss on trade receivables is recognized in Statement of Comprehensive income.

32. Financial Risk Management objectives and policies

Overview
The Group's principal financial liabilities comprise of loans and borrowings, bonds and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's financial assets include trade and other receivables, investments and cash and bank balances.

The Group has exposure to the following risks from its use of financial instruments:
· Credit Risk
· Liquidity Risk
· Market Risk

The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks.

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk.

Further quantitative disclosures are included throughout these financial statements.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The sources of the Group's credit risk include trade receivables, intercompany receivables and deposits with banks and financial institutions.

Trade receivables

"Customer credit risk is managed by credit managers and management as a whole subject to the Group’s established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any deliveries to major customers are generally covered by valid customer order. Customer backgrounds are studied to avoid concentration risk.

Deposits with banks and other financial institutions

Credit risk from balances with banks and financial institutions is managed by the Group’s treasury department in accordance with the Group’s policy. Investment of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group’s Board of Directors on an annual basis throughout the year, subject to approval of the Group's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty’s failure to make payments. The Group’s maximum exposure to credit risk for the components of the statement of financial position is it’s carrying amount.

32. Financial Risk Management objectives and policies – Continued

Trade receivables

For trade receivables, the Group applied the simplified approach in computing ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables as at 31 December 2019 using a provision matrix:

The Group
31 December 2019

	Trade receivables Days past due							
	Current	1 - 30 days	31 – 90 days	91-120 days	121 - 180 days	181-360 days	After360 days	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Expected credit loss rate	0.87%	1.91%	3.02%	11.41%	21.33%	30.90%	75.23%	
Estimated total gross carrying amount at default	574,561	268,504	156,530	71,817	99,975	213,654	907,831	2,292,872
Expected credit loss	4,999	5,136	4,734	8,196	21,328	66,012	682,979	793,384

The Company
31 December 2019

	Current	1 - 30 days	31 – 90 days	91-120 days	121 - 180 days	181-360 days	After360 days	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Expected credit loss rate	0.87%	1.92%	8.01%	184.01%	25.81%	32.24%	75%	
Estimated total gross carrying amount at default	574,561	264,669	42,827	51,950	81,728	201,367	901,081	2,118,183
Expected credit loss	4,999	5,086	3,430	7,278	21,094	64,921	675,811	782,619

The Group
31 December 2018

	Trade receivables Days past due						
	Current	1 - 30 days	31 – 90 days	91-120 days	121 – 180 days	181-360 days	Total days
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Expected credit loss rate	11.38%	21.13%	39.46%	60.64%	64.76%	79.32%	75.23%
Estimated total gross carrying amount at default	793,042	66,015	351,354	40,654	94,859	1,001,545	2,347,469
Expected credit loss	90,250	13,951	138,672	24,899	61,433	794,456	1,123,661

The Company
31 December 2018

	Current	1 - 30 days	31 – 90 days	91-120 days	121 – 180 days	181-36 days	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Expected credit loss rate	12.11%	21.43%	39.87%	59.42%	65.62%	79.62%	
Estimated total gross carrying amount at default	733,482	60,170	344,922	39,282	93,324	996,546	2,267,726
Expected credit loss	88,847	12,900	137,553	23,345	61,247	793,454	1,117,346

32.Financial Risk Management objectives and policies – Continued

Expected credit loss measurement - other financial assets

"The Group applied the general approach in computing expected credit losses (ECL) for intercompany receivables (non-trade), and cash and bank balances. The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). "

The ECL is determined by projecting the Probability of default, Loss given Default (LGD) and Exposure at default (EAD) for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

"The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

32. Financial Risk Management objectives and policies – Continued

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The reconciliation of these balances are as stated above."

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2d Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Group obtains the data used from third party sources (Central Bank of Nigeria, Standards and Poor's etc.) and a team of expert within its credit risk department verifies the accuracy of inputs to the Group's ECL models including determining the weights attributable to the multiple scenarios. The Group used GDP growth, oil price and inflation as key drivers in computing expected credit loss and also as assumptions for the Group's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2019.

32. Financial Risk Management objectives and policies – Continued

An analysis of ECL allowances is as follows:

			Group 2019				Company 2019
	Short-term deposits ₦'000	Treasury bills ₦'000	Total ₦'000	Intercompany receivables ₦'000	Short term deposits ₦'000	Treasury bills ₦'000	Total ₦'000
Upside (10%)	1,606	19	1.625	4,786	1,545	19	6,350
Base (80%)	12,847	156	13,003	38,291	12,359	156	50,806
Downside (10%)	1,606	19	1,625	4,786	1,545	19	6,350
	16,059	194	16,253	47,863	15,449	194	63,506

Impairment of financial assets

Internal grading system	Stage 1 individual	Group 2019 Total	Stage1 individual	Company 2019 Total
Treasury bills	₦'000	₦'000	₦'000	₦'000
Gross carrying amount as at 1 January 2019	124,191	124,191	124,191	124,191
New assets originated or purchased Note 22b)	187,362	187,362	187,362	187,362
Assets derecognised or repaid (excluding write offs) (Note 22b)	(124,191)	(124,191)	(124,191)	(124,191)
	187,362	187,362	187,362	187,362

32. Financial Risk Management objectives and policies – Continued

Impairment of financial assets

Internal grading system	Stage 1 individual	Group 2019 Total	Stage1 individual	Company 2019 Total
Impairment allowance for treasury bills	₦'000	₦'000	₦'000	₦'000
ECL allowance as at 1 January 2019	1,801	1,801	1,801	1,801
New assets originated or purchased (Note 22b)	194	194	194	194
Assets derecognised or repaid (excluding write offs) (Note 22b)	(1,801)	(1,801)	(1,801)	(1,801)
	194	194	194	194

32. Financial Risk Management objectives and policies – Continued

Intercompany receivables

Internal grading system	The Company 2019 Stage 1 individual ₦'000	The Company 2019 Total ₦'000
Gross carrying amount as at 1 January 2019	461,836	461,836
New assets originated or purchased (Note 21)	168,785	168,785
Assets derecognised or repaid (excluding write offs)	-	-
Gross carrying amount as at 31December 2019	630,621	630,621
Impairment allowance for intercompany receivables		
ECL allowance as at 1 January 2019	7,466	7,466
New assets originated or purchased (Note 21a)	40,397	40,397
Assets derecognised or repaid (excluding write offs)	-	-
ECL allowance as at 31 December 2019	47,863	47,863

Short term deposits

Internal grading system	The Group 2019 Stage 1 individual ₦'000	The Group 2019 Total ₦'000	The Company 2019 Stage 1 individual ₦'000	The Company 2019 Total ₦'000
Gross carrying amount as at 1 January 2019	1,449,285	1,449,285	1,438,885	1,438,885
New assets originated or purchased (Note 22)	1,103,209	1,103,209	1,088,210	1,088,210
Assets derecognised or repaid (excluding write offs)	(1,449,285)	(1,449,285)	(1,438,885)	(1,438,885)
Gross carrying amount as at 31December 2019	1,103,209	1,103,209	1,088,210	1,088,210

32. Financial Risk Management objectives and policies – Continued

Impairment allowance for short term deposits

		The Group		The Company
	Individual	Total	Individual	Total
	2019	2019	2019	
	₦'000	₦'000	₦'000	₦'000
ECL allowance as at 1 January 2019	7,848	7,848	7,846	7,846
New assets originated or purchased (Note 22a)	16,059	16,059	15,449	15,449
Assets derecognised or repaid (excluding write offs)	(7,848)	(7,848)	(7,846)	(7,846)
ECL allowance as at 31 December 2019	16,059	16,059	15,449	15,449

32. Financial Risk Management objectives and policies – Continued
31 December 2018

	Group 2018 Short term deposit ₦'000	Treasury bills ₦'000	Total ₦'000	Intercompany receivables ₦'000	Company 2018 Short term deposit ₦'000	Treasury bills ₦'000	Total ₦'000
Upside (10%)	785	180	965	747	784	180	1,711
Base (80%)	6,278	1,441	7,719	5,972	6,278	1,441	13,691
Downside (10%)	785	180	965	747	784	180	1,711
	7,848	1,801	9,648	7,466	7,846	1,801	17,113

Impairment of financial assets

Internal grading system Treasury bills	The Group 2018 Stage 1 individual ₦'000	Total ₦'000	The Company 2018 Stage 1 individual ₦'000	Total ₦'000
Gross carrying amount as at 1 January 2018	200,000	200,000	200,000	200,000
New assets originated or purchased (Note 22b)	124,191	124,191	124,191	124,191
Assets derecognised or repaid (excluding write offs)	(200,000)	(200,000)	(200,000)	(200,000)
	124,191	124,191	124,191	124,191

Impairment allowance for treasury bills	2018 Stage 1 Individual ₦'000	Total ₦'000	2018 Stage 1 Individual ₦'000	Total ₦'000
ECL allowance as at 1 January 2018	1,182	1,182	1,182	1,182
New assets originated or purchased (Note 22c)	619	619	619	619
Assets derecognised or repaid (excluding write offs)	-	-	-	-
	1,801	1,801	1,801	1,801

32. Financial Risk Management objectives and policies – Continued

Intercompany receivables	Company 2018	Company 2018
Internal grading system-	Stage 1 individual ₦'000	Total ₦'000
Gross carrying amount as at 1 January 2018	595,231	595,231
New assets originated or purchased (Note 21)	21,548	21,548
Assets derecognised or repaid (excluding write offs)	(154,943)	(154,943)
	461,836	461,836

Impairment allowance for intercompany receivables

	Company 2018	Company 2018
	Stage 1 individual ₦'000	Total ₦'000
ECL allowance as at 1 January 2018	9,019	9,019
New assets originated or purchased (Note 21a)	550	550
Assets derecognised or repaid (excluding write offs)	(2,103)	(2,103)
	7,466	7,466

32. Financial Risk Management objectives and policies – Continued

Short term deposits

Internal grading system	Group 2018 Stage 1 individual ₦'000	Total ₦'000	Company 2018 Stage 1 individual ₦'000	Total ₦'000
Gross carrying amount as at 1 January 2018	769,667	769,667	750,964	750,964
New assets originated or purchased (Note 22)	1,449,285	1,449,285	1,438,885	1,438,885
Assets derecognised or repaid (excluding write offs)	(769,667)	(769,667)	(750,964)	(750,964)
	1,449,285	1,449,285	1,438,885	1,438,885

Impairment allowance for short term deposit

	Group 2018 Stage 1 individual ₦'000	Total ₦'000	Company 2018 Stage 1 individual ₦'000	Total ₦'000
ECL allowance as at 1 January 2018	5,929	5,929	5,928	5,928
New assets originated or purchased	1,919	1,919	1,918	1,918
Assets derecognised or repaid (excluding write offs)	-	-	-	-
	7,848	7,848	7,846	7,846

32. Financial Risk Management objectives and policies – Continued

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as at when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

32. Financial Risk Management objectives and policies – Continued

Liquidity risk – Continued

The table below summarises the maturity profile of the Group’s financial liabilities based on contractual undiscounted payments

Group

	On demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	1-5 years ₦'000	> 5 years ₦'000	Total ₦'000
Year ended 31 December 2019						
Trade and other payables*	-	-	4,596,614	-	-	4,596,614
Loans and borrowings	-	-	440,078	-	-	440,078
Lease Liability			223,828	982,005	2,720,174	2,926,007
	-	-	5,260,520	982,005	2,720,174	8,962,699

	On demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	1-5 years ₦'000	> 5 years ₦'000	Total ₦'000
Year ended 31 December 2018						
Trade and other payables*	-	-	3,794,663	-	-	3,794,663
Loans and borrowings	-	-	375,845	439,588	-	815,433
	-	-	4,170,508	439,588	-	4,610,096

*Withholding tax and VAT payables are not financial instrument. Hence they have been excluded from trade and other payables.

32. Financial Risk Management objectives and policies – Continued

Company

	On demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	1-5 years ₦'000	> 5 years ₦'000	Total ₦'000
Year ended 31 December 2019						
Trade and other payables*	-	-	4,456,073	-	-	4,456,073
Loans and borrowings	-	-	440,078	-	-	440,078
Lease Liability			205,428	920,894	2,615,034	3,741,356
	-	-	5,101,579	920,894	2,615,034	8,637,507

	On demand	Less than 3 months	3 to 12 months	1-5 years	> 5 years	Total
Year ended 31 December 2018						
Trade and other payables*	-	-	3,693,279	-	-	3,693,279
Loans and borrowings	-	-	439,588	375,845	-	815,433
	-	-	4,132,867	375,845	-	4,508,712

*Withholding tax and VAT payables are not financial instrument. Hence they have been excluded from trade and other payables.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. The Group is exposed to currency risk and insignificant interest rate risk. Financial instruments affected by currency risk include cash and short-term deposit, trade and other receivables and trade and other payables.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency). Management has set up a policy requiring the Group to manage its foreign currency risk against its functional currency. To manage its foreign currency risk arising from future commercial transaction and recognised asset and liabilities, the Group ensures that significant transaction is contracted in the functional currency.

Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is not exposed to this risk as it does not have a floating interest-bearing loan and borrowing in its books

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, Euro and GBP exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Foreign currency sensitivity- continued

	Change in USD rate	Effect on profit before tax ₦'000
2019	5%	9,059
	-5%	(9,059)
2018	5%	18,391
	-5%	(18,391)

	Change in EURO rate	Effect on profit before tax ₦'000
2019	5%	-
	-5%	-
2018	5%	7
	-5%	(7)

	Change in POUNDS rate	Effect on profit before tax ₦'000
2019	5%	-
	-5%	-
2018	5%	253
	-5%	(253)

Transactions in foreign currencies other than US Dollars were not significant in the current year.

The table below show financial instruments by their measurement bases:
Group

	Amortised cost ₦'000	Fair value ₦'000	Carrying amount ₦'000
At 31 December 2019			
Cash and cash equivalents (Note 22)	1,563,222	-	1,563,222
Trade and other receivables (Note 20)*	1,852,927	-	1,852,927
Debt instruments at amortized costs (Note 22b)	187,168	-	187,168
Total financial assets	3,603,317	-	3,603,317
Trade & other payables (Note 29)*	4,596,614	-	4,596,614
Loans and borrowings (Note 28)	440,087	-	440,087
Lease liability (Note 28a)	1,078,294	-	1,078,294
Total financial liabilities	6,114,995	-	6,114,995

32. Financial Risk Management objectives and policies – Continued

The table below show financial instruments by their measurement bases - continued:

Group	Amortised cost ₦'000	Fair value ₦'000	Carrying amount ₦'000
At 31 December 2018			
Cash and cash equivalents (Note 22)	2,698,921	-	2,698,921
Trade and other receivables (Note 20)*	1,545,328	-	1,545,328
Debt instruments at amortized costs (Note 22b)	122,390	-	122,390
Total financial assets	4,366,639		4,366,639
Trade & other payables (Note 29)*	3,794,663	-	3,794,663
Loans and borrowings (Note 28)	815,433	-	815,433
Total financial liabilities	4,610,096	-	4,610,096

Company	Amortised cost ₦'000	Fair value ₦'000	Carrying amount ₦'000
At 31 December 2019			
Cash and cash equivalents (Note 22)	1,475,619	-	1,475,619
Debt instrument at amortized cost (Note 22b)	187,168		187,168
Trade and other receivables (Note 20)*	1,675,511	-	1,675,511
Intercompany receivables (Note 21)	582,758	-	582,758
Total financial assets	3,921,056	-	3,921,056
Trade & Other payables (Note 29)*	4,456,073	-	4,456,073
Loans and borrowings (Note 28)	440,078	-	440,078
Lease liability (Note 28a)	1,075,614		1,075,614
Total financial liabilities	5,971,765	-	5,971,765

Company	Amortised cost ₦'000	Fair value ₦'000	Carrying amount ₦'000
At 31 December 2018			
Cash and cash equivalents (Note 22)	2,596,708	-	2,596,708
Debt instrument at amortized cost (Note 22b)	122,390	-	122,390
Trade and other receivables (Note 20)*	1,464,252	-	1,464,252
Intercompany receivables (Note 21)	144,837	-	144,837
Total financial assets	4,328,187		4,328,187
Trade & Other payables*	3,693,279	-	3,693,279
Loans and borrowings (Note 28)	815,433		815,433
Total financial liabilities	4,508,712		4,508,712

32. Financial Risk Management objectives and policies – Continued
The table below show financial instruments by their measurement bases - continued

*Withholding tax/VAT receivables and payables are not financial instrument. Hence they have been excluded from trade and other receivables and trade and other payables

33. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 40% and 50%. The Group includes within net debt, trade and other payables, loans and borrowings less cash and cash equivalents.

	Group		Company	
	Dec 2019 ₦'000	Dec 2018 ₦'000	Dec 2019 ₦'000	Dec 2018 ₦'000
Trade and other payables (Note 29)	4,901,277	4,032,091	4,662,333	3,843,421
Loans and borrowings (Note 28)	440,078	815,433	440,078	815,433
Less cash and bank balance (Note 22)	(1,563,222)	(2,698,921)	(1,475,619)	(2,596,708)
Net debt	3,778,141	2,148,603	3,626,792	2,062,146
Equity	6,634,984	6,323,840	6,794,859	6,764,546
Capital and net debt	10,413,118	8,472,443	10,421,651	8,826,692
Gearing ratio (%)	36%	25%	35%	23%

33. Capital management - Continued

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets short term obligations to creditors and related parties providing funding support.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 31 December 2018.

34. Fair value measurement of financial assets and liabilities

The management assessed that cash and cash equivalents, trade and other receivables, trade and other payables approximate their carrying amounts largely due to the short- term maturities of these instruments.

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements.

Group & Company

	Carrying Amount		Fair value	
	Dec 19	Dec 18	Dec 19	Dec 18
	₦'000	₦'000	₦'000	₦'000
Financial liabilities:				
Interest bearing loans and borrowings	440,078	815,433	377,103	510,901
Total	440,078	815,433	377,103	510,901
Financial assets:				
Investment property	136,914	131,867	660,000	625,700
Total	136,914	131,867	660,000	625,700

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- Interest bearing loans and borrowings are evaluated by the Group based on parameters such as interest rates that reflects market risk characteristics at the measurement date. The fair value of the loans and borrowing are determined based on the market related rate at the reporting date.

34. Fair value measurement of financial assets and liabilities - continued

- Investment properties are evaluated using the DCF method, using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data
As at 31 December 2019 and 31 December 2018, the Group's financial instruments carried on the statement of financial position are measured at amortised cost as such, level 3 has been used for their fair value determination.

34. Fair value measurement of financial assets and liabilities - continued

The following table provides the fair value measurement hierarchy of the company's assets and liabilities.
Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 December 2019:

	31-Dec-19	Level 1	Level 2	Level 3
	₦'000	₦'000	₦'000	₦'000
Liability for which fair value are disclosed (Note 28):				
Interest bearing loans and borrowings	377,103	-	377,103	-
Asset for which fair value are disclosed (Note 13):				
Investment property	660,000	-	-	660,000

There have been no transfers between Level 1 and Level 2, and Level 2 and Level 3 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 December 2018:

	31-Dec-18	Level 1	Level 2	Level 3
	₦'000	₦'000	₦'000	₦'000
Liability for which fair value are disclosed (Note 28):				
Interest bearing loans and borrowings	510,901	-	510,901	-
Asset for which fair value are disclosed (Note 13):				
Investment property	625,700	-	-	625,700

There have been no transfers between Level 1 and Level 2, and Level 2 and Level 3 during the year.

35. Revenue

An analysis of the entity's revenue is as follows:

	2019 ₦'000	2018 ₦'000
Ground Handling	5,351,383	5,343,163
Cargo Handling	3,957,625	3,767,808
Other	687,137	664,544
	9,996,145	9,775,515

35a. Segment reporting

Products and services from which reportable segments derive their revenues
Information reported for the purposes of resource allocation and assessment of segment performance is based on the products delivered or service rendered to customers.

The company has presented the reconciliation of segment profits in previous year and continues to disclose the same in this year's financial statement as the reconciliation is reported to the Chief Operating Officer for the purpose of decision making.

In addition, two minor operating segments, for which the quantitative thresholds for separate disclosures have not been met, are currently combined below under 'other'.

The entity's reportable segments under IFRS 8 are therefore as follows:

Ground Handling - engaged in ramp services, passenger profiling, baggage handling and crew transportation.

Cargo Handling-: involved in cargo documentation services for airlines, import and export facilitation through customs bonded warehouses across the network.

Other - The main sources of revenue for these operating segments are equipment rentals and lease rentals.

35b. Segment revenue and results

Segment revenue	Revenue ₦'000	Cost of sales ₦'000	Profit ₦'000
31 December 2019			
Ground Handling	5,351,383	(3,415,433)	1,935,950
Cargo Handling	3,957,625	(2,947,979)	1,009,646
Others	687,137	(200,458)	486,679
	9,996,145	6,563,870	3,432,275
31 December 2018			
Ground Handling	5,343,163	(3,507,576)	1,835,587
Cargo Handling	3,767,808	(2,947,979)	819,829
Others	664,544	(200,458)	464,086
	9,775,515	6,656,013	3,119,502

35. Revenue-continued

35c. Segment profit or loss represents the gross profit or loss earned/ incurred by each segment without allocation of distribution and administrative expenses, other gains/ losses, investment income as well as finance costs. This is the measure reported to the Chief Operating Decision Maker for the purpose of resource allocation and assessment of segment performance.

There was no intersegment transaction as all revenue generated above was from external customers.

35d. Segment assets and liabilities

The company does not report its assets and liabilities on a segmental basis and the reported segments are not assessed by the Chief Operating Decision Maker on this basis.

36. Information relating to employees

The average number of persons employed by the company during the financial year was as follows;

	2019 Numbers	2018 Numbers
Operations	1,420	1,497
Administration	188	176
	---------	---------
	1,608	1,673
	=====	=====

Employees of the Company, other than directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration in the following ranges;

Naira	2019 Numbers	2018 Numbers
Less than1,000,000	82	86
1,000,001-1,500,000	723	747
1,500,001-2,500,000	654	688
2,500,001-3,500,000	116	109
3,500,001-6,000,000	14	25
6,000,001-8,500,000	12	10
Above 8,500,000	7	8
	---------	---------
	1,608	1,673
	=====	=====

Directors mix	2019 Numbers	2018 Numbers
Executive	3	2
Non-Executive	8	6
	-----	-----
	11	8
	===	===

	₦'000	₦'000
Highest paid Director	75,000	75,000
	======	======

37. Contingent liabilities

There are pending lawsuits for and against the Company in various courts of law. The law suits are being handled by external legal counsel. The contingent liabilities in respect of pending litigations and claims amounted to ₦135million (2018: ₦367.2million. No provision has been made in the financial statements for the claims. In the opinion of the directors and based on legal advice, the Company's liability is not likely to be significant.

38. Capital commitments

The group did not have any capital commitments as at 31 December 2019.

39. Events after the reporting date

The Directors are of the opinion that there were no events after the reporting date that will could have a significant effect on the financial statements of the Group and Company that had not been adequately provided for or disclosed in these financial statements. However, the directors have assessed the impact of COVID 19 on the Group's business and make the following disclosures;

- Going Concern

The COVID-19 pandemic has seriously affected the Aviation Industry with the closure of all Airports in Nigeria, and suspension/cancelation of all Flights except for Cargo, medical, and emergency Flights.

Despite all these, the Group's going-concern as a ground handling company is not under any threat. Nahco has been operating skeletal services by handling almost all the medical, cargo, and emergency flights approved by the Federal Government of Nigeria to and from Lagos, Abuja, Kano, and Port-Harcourt.

We are in contact with most of our Airlines customers, and Agents. Many Airlines have indicated interest/intention to resume their scheduled flights as soon as the Nigeria Airports are open for business. It is our belief that we will continue to operate these skeletal services including cargo deliveries to Agents until business returns to normalcy in the nearest future.

- Liquidity and funding risk

Revenue has drastically gone down since the beginning of COVID-19 pandemic with all flights (local and international) suspended until further notice. Cargo operations at our Warehouses have also been affected due to lock-down, and restriction of movements all over the Country.

We have therefore developed strategies, and focused more on implementation of these strategies to manage the situations:

- Engagement of all our Airlines customers to collect overdue receivables, and also to discuss handling of new businesses on cash and carry basis. We have recorded revenue of about two hundred million naira (₦200,000,000) in the last six weeks. We have also collected receivables of about two hundred and sixty-five million, two and eight naira only (₦265,208,000), and about one hundred and sixty-four thousand, nine hundred and three US Dollars (US$164,903) over the same period.
- Handling of ad hoc flights arising from emergency including evacuation flights on cash and carry basis,
- Negotiated with banks for reduction in transfer charges.
- Granted discounts to Airlines for prompt and early payment of invoices to partner and identify with them during this period.

39. Events after the reporting date -continued

- Encouraged Agents at Warehouses to pay for handling charges through online bank transfers, and POS machines when the cheque clearing system was closed.
- Suspended all non-operational expenses,
- Negotiated and agreed with some of our creditors to defer payment obligations until after the period,
- Negotiating with staff unions to reduce payroll costs
- Negotiating with our Insurance Brokers for possible reduction in insurance premium for this period,
- Also agreed with management for a payroll cut, and reduction in Board sitting allowances
- Maintaining a regular bank balance and Investment of about Two hundred and fifty million naira (₦250,000,000), and One million, five hundred thousand US Dollars (US$1,500,000).

Management will continue to pursue these strategies until business returns to normalcy.

- Analysis of the impacts of COVID 19 on each of the consolidated and separate statements of financial position items, from PPE to the last item on our consolidated and separate statements of financial position and the management plan or measures put in place to take care of the impacts as they arise.

  - Property, Plant and Equipment: The Company's PPE consist largely of Ground Support Equipment (GSEs), Building, Land, Motor Vehicles, Furniture and Fittings. The Ground support equipment (GSEs) are not idle as they are still being utilized to perform some special flight handlings which includes the evacuation of people out of Nigeria and conveyance of government official from one state to another. We do not envisage any impact on this class of asset as there is no need to test for impairment.
  - Intangible Assets: This includes software and which the company has been using since the beginning of the COVID19, hence there is no need to test the asset for impairment
  - Investment Property: The CoVID19 has not had any impact on the value of the investment properties
  - Investment in Subsidiaries: The subsidiary companies are rendering skeletal services and we do not envisage any negative impact on our investment in the subsidiaries.
  - Right of use Assets: This relates to lease of properties, no impact is envisaged, though the company is operating on a limited scale owing to COVID-19 pandemic
  - Other non-current assets: This represent the balance in our DSRA account which is mainly for the funding of interest and capital repayment of our Bond as it is mandatory from the bond covenant that an amount not less than NGN41m must be paid into the account on monthly basis. The bond is expected to be fully settled by October 2020, hence the company will be able to fund the account up to NGN440m to fully liquidate the outstanding bond by October 2020.
  - Inventories: This consist of machinery spare parts, stationeries and diesel which are being used currently by the operations personnel to No additional provision required for slow moving.
  - Trade and Other Receivables: We have not received any information that any of our Airlines customers is distressed and we are not envisaging such. However, we are not unaware that collection of Receivables may be delayed, and this may lead to increase in expected credit loss.
  - The Company has been in touch with some of its customers for receivables settlement and it has been able to collect NGN265m and $165k respectively within the period. Other Airlines have also indicated their willingness to settle part of their liabilities in the month of May. The Impact of COVID-19 will be considered on ECL assessment going forward in 2020.
  - Due from related parties: This represents mainly inter-company receivables, and we do not envisage any impact on this account. Mainland Cargo (MCO is still engaged in skeletal work during the lock down and this will improve as the lock down is being eased. The impact of COVID-19 will be considered on ECL assessment going forward in 2020.

Short Term Prepayments: This represents mainly prepaid insurance premium, stocks, and balance in assets clearing account. We do not envisage any impact on this class of asset.

39. Events after the reporting date -continued

Cash & Cash Equivalent: Included in this class of asset are unclaimed dividend and short-term deposits invested in highly rated and secured banks in Nigeria. Though the Company cashflow has been reducing drastically due to the suspension of airline operations, the Company has embarked on different cost saving strategies to ensure its liquidity through out the COVID period and beyond.

- Trade and other Creditors: The Company has a plan in place to honor payment obligations to our creditors after the COVID-19 period.
- Lease Liabilities: The Company is negotiating with FAAN for waiver of lease rental during this period of COVID-19.
- Loans and Borrowings: This represents the balance of ₦2.05bln Bond taken by the Company in December 2013 with a 7- year tenor maturing in Q4, 2020. The balance is this account as 31 December 2019 is ₦440m which is expected to be fully settled by the end of October 2020. As part of the loan covenant, the Company has an account with the bond trustee which is usually funded on monthly basis to settle both the principal and the interest of the bond, the Company has been doing this consistently as the bank account is funded with ₦41m monthly which will be used to settle the liabilities as of when due.
- Non-current Liabilities: This is mainly deferred tax and deferred income. We do not envisage any impact on this account.

NIGERIAN AVIATION HANDLING COMPANY PLC

VALUE ADDED STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Group 2019 ₦'000		Company 2018 ₦'000		2019 ₦'000		2018 ₦'000	
Revenue	9,996,145		9,775,515		9,570,197		9,109,644	
Other income	245,032		263,257		237,866		222,496	
Finance income	173,076		220,679		167,878		286,482	
	10,414,253		10,259,451		9,975,941		9,618,622	
Bought in materials & services	(2,751,552)		(3,794,860)		(2,911,081)		(3,897,753)	
	7,662,701		6,464,591		7,064,860		5,945,789	
Applied as follows:								
To pay employees and directors		%		%		%		%
Salaries, wages, pensions and related costs	4,688,219	61	4,597,350	71	4,530,250	64	4,496,780	76
To providers of capital:								
Finance cost	300,319	4	169,776	3	299,889	4	169,776	3
Dividend	406,055	5	406,055	6	406,055	6	406,055	6
Government:								
Income tax expenses	263,175	3	250,308	4	243,991	4	236,484	4
Asset replacement:								
Depreciation and amortization	927,605	13	788,172	12	788,552	11	573,424	10
Deferred taxation	360,129	5	56,136	1	359,755	5	53,564	1
Retained profit	717,199	9	196,794	3	436,368	6	9,706	-
	7,662,701	100	6,464,591	100	7,064,860	100	5,945,789	100

NIGERIAN AVIATION HANDLING COMPANY PLC

FIVE-YEAR FINANCIAL SUMMARY

GROUP	2019	2018	2017	2016	2015
	₦'000	₦'000	₦'000	₦'000	₦'000
Statement of Profit or Loss					
Revenue	9,996,145	9,775,515	7,926,152	7,956,977	8,498,626
Profit before tax	1,340,503	503,237	600,011	909,624	796,797
Income tax	(623,304)	(306,443)	175,756	(328,906)	(259,000)
Profit after tax	717,199	196,794	775,767	580,718	537,797
Statement of Financial Position					
Non-current assets					
Non-current assets	7,821,663	6,454,876	6,868,053	6,796,657	9,858,317
Current assets	6,887,838	5,890,994	5,394,018	5,837,928	5,070,861
Total assets	14,709,501	12,345,870	12,262,071	12,634,585	14,929,178
Non-current liabilities	2,050,791	1,155,249	1,619,017	2,192,507	5,061,539
Current liabilities	6,082,213	4,866,781	3,872,281	4,089,704	3,771,180
Total liabilities	8,074,517	6,022,030	5,491,298	6,283,251	8,832,719
Financed by:					
Share capital	812,109	812,109	812,109	812,109	812,109
Share Premium	1,914,758	1,914,758	1,914,758	1,914,758	1,914,758
Dividend reserve	-	-	-	-	-
Retained earnings & NCI	3,908,117	3,596,973	4,043,906	3,624,467	3,369,592
Total equity	6,634,984	6,323,840	6,770,773	6,351,334	6,096,459
Total equity and liabilities	14,709,501	12,345,870	12,262,071	12,634,585	14,929,178

NIGERIAN AVIATION HANDLING COMPANY PLC

FIVE-YEAR FINANCIAL SUMMARY

COMPANY	2019	2018	2017	2016	2015
	₦'000	₦'000	₦'000	₦'000	₦'000
Statement of Profit or Loss					
Revenue	9,570,197	9,109,644	7,565,763	7,797,899	8,458,700
Profit before tax	1,040,114	299,754	509,563	911,575	905,419
Income tax	(603,746)	(290,048)	178,339	- 328,906	-259,000
Profit after tax	436,368	9,706	687,902	582,669	646,419
Statement of Financial Position					
Non-current assets					
Non-current assets	7,572,403	6,857,111	6,730,372	7,269,534	10,223,768
Current assets	6,987,037	5,961,973	5,916,375	5,805,248	5,345,894
Total assets	14,559,303	12,819,084	12,646,747	13,074,782	15,569,662
Non-current liabilities	1,988,966	1,153,261	1,618,587	2,192,547	5,061,539
Current liabilities	5,775,477	4,901,277	3,631,958	3,816,607	3,700,320
Total liabilities	7,764,443	6,054,538	5,250,545	6,009,154	8,761,859
Financed by:					
Share capital	812,109	812,109	812,109	812,109	812,109
Share premium	1,914,758	1,914,758	1,914,758	1,914,758	1,914,758
Retained earnings	4,067,991	4,037,679	4,669,335	4,338,761	4,080,936
Total equity	6,794,858	6,764,546	7,396,202	7,065,628	6,807,803
Total equity and liabilities	14,559,302	12,819,084	12,646,747	13,074,782	15,569,662