nahco aviance

# OUR CLIENTS

Lufthansa
AIRFRANCE
Ethiopian
ASKY The Pan African Airline
virgin atlantic
TURKISH AIRLINES A STAR ALLIANCE MEMBER
worldcargo solutions
TURKISH CARGO
QATAR AIRWAYS القطرية
DELTA AIR LINES
LANDOVER COMPANY
CRONOS AIRLINES
Emirates
BROADLINE SERVICES LTD. ...delivery just on time
AIR PEACE ...your peace, our goal
DHL
AWA AFRICA WORLD AIRLINES
EGYPTAIR
aero the reliable way to fly
CABO VERDE AIRLINES
royal air maroc الخطوط الملكية المغربية
Emirates SkyCargo
Kenya Airways The Pride of Africa
DANA AIR The Smartest Way to Fly
KLM
RwandAir Fly our dream to the heart of Africa
MaxAir
السعودية SAUDIA
cargolux you name it, we fly it!
Interair Flight Support Services Ltd.
Astra Aviation
LTT Cargo & Aviation Services Limited
Aeroworld
AZMAN AIR SERVICES LTD
Meridiana
KILOFOX NIGERIA LIMITED ...we keep you flying
AEROFOCUS
UNITED AIRLINES
SA SKYWARD AVIATION
BASE BANGKOK AVIATION SERVICES
Astra Aviation
GREEN AFRICA AIRWAYS Welcome to the future...
CFS LOGISTICS GROUP LLC
BTY LOGISTICS INTL (NIGERIA)
Excel Cargo & Aviation Services Ltd
Med-View Airline

2020 ANNUAL REPORT & ACCOUNTS

CGRS RATED

# 2020 Annual Report & Accounts

nahco aviance

Member of IATA IGHC

PEOPLE CARGO LOGISTICS TRAINNING

www.nahcoaviance.com

## VISION

To be the leading service provider, continuously innovating and reshaping our chosen markets.

## MISSION

To consistently provide exceptional services, using professional teams, cutting edge technology and leading practices to deliver value to all stakeholders.

## CORE VALUES

- Safety
- Integrity
- Innovation
- Reliabilty
- Respect
- Empathy

## DIFFERENTIATING COMPETENCY

Service Excellence




## NAHCO FREE ZONE
### PROPOSED OFFICE COMPLEX

Nahco Free Zone, a subsidiary of nahco aviance is the first airport Free Trade Zone in Nigeria, licensed on February 20th, 2014.

Nahco Free Zone is a designated special economic zone that offers numerous incentives and procedures designed to streamline bureaucratic bottle necks, In line with the approved NEPZA guidelines, It provides a safe, secure and efficient environment for clients' cargo and other business activities

Nahco Free Zone, NFZ House,
Murtala Muhammed Airport, Ikeja, Lagos, Nigeria
Tel: +234 (1) 291 4633 | +234 (1) 453 8455
info@nfz.com.ng | www.nfz.com.ng

nfz

**NIGERIAN AVIATION HANDLING COMPANY PLC**

Lagos, Nigeria

CONSOLIDATED AND SEPARATE AUDITED FINANCIAL STATEMENTS
AND
OTHER NATIONAL DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2020

**NIGERIAN AVIATION HANDLING COMPANY PLC**

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

## Contents

# CORPORATE INFORMATION

## Directors

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



# FINANCIAL HIGHLIGHTS

| | GROUP | | | COMPANY | | |
|---|---|---|---|---|---|---|
| | DEC 2020 =N=000 | DEC 2019 =N=000 | CHANGE % | DEC 2020 =N=000 | DEC 2019 =N=000 | CHANGE % |
| Revenue | 7,126,121 | 9,996,145 | (29) | 6,779,005 | 9,570,197 | (29) |
| **Profit / (Loss) before tax** | 361,279 | 1,340,503 | (73) | 329,642 | 1,040,114 | (68) |
| Expected Credit losses | (37,905) | 323,673 | (112) | 1,884 | 288,334 | (99) |
| Income tax credit / (expense) | (59,148) | (623,304) | (91) | (37,820) | (603,746) | (94) |
| **Profit After Tax** | 302,131 | 717,199 | (58) | 291,822 | 436,368 | (33) |
| Non-Controlling Interest | 10,627 | 6,886 | 54 | - | - | - |
| **Total comprehensive income attributable to owners of the Company:** | 291,504 | 710,313 | (59) | 291,822 | 436,368 | (33) |
| **Total Equity** | 6,449,849 | 6,634,984 | (3) | 6,599,415 | 6,794,859 | (3) |
| **Dividend Proposed** | 203,027 | 487,265 | - | 203,027 | 487,265 | - |
| **Per 50 kobo Ordinary Share Data:** | | | | | | |
| Basic Earnings | 18 kobo | 44 kobo | | 18 kobo | 27 kobo | |
| Diluted Earnings | 18 kobo | 44 kobo | | 18 kobo | 27 kobo | |
| Dividend Proposed | 12.5 kobo | 30 kobo | | 12.5 kobo | 30 kobo | |
| Net Assets | 397 kobo | 409 kobo | | 406 kobo | 418 kobo | |
| Stock Exchange Quotation as at: 31st December | N2.30K | N2.39K | | | | |
| Number of Shareholders | 71,459 | 71,459 | | | | |
| Number of Staff | 1,525 | 1,627 | | 1,508 | 1,608 | |

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the 40th Annual General Meeting (AGM) of **Nigerian Aviation Handling Company Plc** (nahco aviance) ("the Company") will hold at **Providence Hotel, Mantis Oba Akinjobi Crescent Ikeja GRA, Lagos** on **Friday, 30th July, 2021** at **11.00 am** to transact the following businesses:

**ORDINARY BUSINESS**

1. To lay before the meeting the Audited Financial Statements for the year ended 31st December 2020 together with the Report of the Directors, External Auditors and Audit Committee thereon.
2. To declare a dividend recommended by the Board of Directors of the Company in respect of the financial year ended 31st December 2020.
3. To re-elect the following Non-Executive Directors, who being eligible now offer themselves for re-election:

a. Engr. Solagbade Olukayode Alabi

b. Mrs. Abimbola Adunola Adebakin

c. Sir Sunday Nnamdi Nwosu, KSS

4. To elect Professor Enyinna Ugwuchi Okpara as a Non-Executive Director.
5. To authorize the Directors to fix the remuneration of the External Auditors.
6. To disclose the remuneration of managers of the Company.
7. To elect members of the Audit Committee.

**SPECIAL BUSINESS**

To consider and, if thought fit, to pass the following as ordinary resolutions:

8. To approve the remuneration of the Directors of the Company for the year ending December 31, 2021.
9. "That Article 84 of the Memorandum and Articles of Association of the Company be and is hereby amended by deleting the words "Until otherwise determined by the Members at general meeting, the number of Directors shall not be less than seven (7) and shall not be more than eleven (11)" and substituting them with the words "Until otherwise determined by the Members at general meeting, the number of Directors shall not be less than seven (7) and shall not be more than twelve (12)".

**Attendance By Proxy**

In view of the directives on physical distancing and the restriction on maximum number of people at every gathering due to the COVID-19 pandemic, the meeting will hold by Proxy in accordance with section 254 of the Companies and Allied Matters Act 2020 and as approved by the Corporate Affairs Commission. Consequently, members are required to appoint a proxy of their choice from the list of the proposed proxies to represent them at the meeting:

1. Mr. Seinde Oladapo Fadeni (Chairman)
2. Mrs. Olatokunbo Adenike Fagbemi (GMD/CEO)
3. Sir Sunday Nnamdi Nwosu, KSS
4. Mrs. Adebisi Oluwayemisi Bakare
5. Mr. Matthew Akinlade.

A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her place. A proxy need not be a member of the Company. A proxy form is enclosed in the Annual Report. For the instrument of proxy to be valid for the purposes of this meeting, it must be duly completed, duly stamped and must be deposited at the office of the Registrar, CardinalStone Registrars Limited, 358, Herbert Macaulay way, by St. Dominic Catholic Church, Sabo, Yaba, Lagos or by email to registrars@cardinalstone. com, not less than 48 hours before the time fixed for the meeting. The cost of stamping the proxy forms will be borne by the Company.

**Dividend**

If the dividend recommended by the Directors is approved, dividend will be paid on Friday, 30th July 2021 to shareholders whose names appear in the Register of Members at the close of business on Tuesday, 13th July 2021.



**E-Dividend**

Notice is hereby given to all shareholders to open bank accounts, stockbroking accounts and CSCS accounts for the purpose of dividend payment in line with the Securities and Exchange Commission (SEC) directives. Detachable application forms for the e-dividend is attached to the Annual Report to enable all shareholders furnish particulars of their bank accounts to the Registrar as soon as possible. The e-dividend form is also available on the website of our Registrar www.cardinalstoneregistars.com.

**Closure of Register of Members**

The Register of Members and Transfer Books of the Company will be closed from Wednesday 14th July 2021 to Friday 16th July 2021 (both dates inclusive) to enable the Registrar to update its records.

**Nominations for the Audit Committee**

In accordance with section 404(6) of the Companies and Allied Matters Act 2020 any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting. The Act provides that members of the Audit Committee must have financial literacy. Therefore, nominations should be accompanied by a copy of the nominee's curriculum vitae.

**Unclaimed Dividend**

Shareholders are hereby informed that a number of dividend warrants have been returned to the Registrars as "unclaimed". Any member affected by this notice is advised to contact the company's Registrars, CardinalStone Registrars Limited located at 358, Herbert Macaulay Way, Yaba, Lagos Tel: +23417120090, Fax: +234 (1)7100444, info@cardinalstoneregistrars.com. The list of unclaimed dividends can be accessed via the Company's website: www.nahcoaviance.com or the Registrar's website www.cardinalstone.com

**Right to Ask Questions**

It is the right of shareholders to ask questions not only at the Annual General Meeting but also in writing prior to the meeting. Such questions should be addressed to the Company Secretary and submitted at the registered office of the Company not later than one week before the Annual General Meeting.

**Directors' Profile**

The profile of the Directors, including those for election and re-election, is enclosed in the Annual Report and can be assessed on the Company's website: www.nahcoaviance.com.ng

**Electronic Annual Report**

The electronic version of the Annual Report will be available online for viewing and download from the Company's website: www.nahcoaviance.com.ng . Shareholders who have provided their email addresses to the Registrar will receive the electronic version of the Annual Report via email. Furthermore, shareholders who are interested in receiving the electronic version of the Annual Report should request for it via email to registrars@cardinalstone.com.

**Live Broadcast of Proceedings**

The link to the live streaming of the 40th Annual General Meeting proceedings is: https://youtu.be/rWV08c0qpro

BY ORDER OF THE BOARD
Dated this 1st July, 2021.

Bello A. Abdullahi
FRC/2013/NBA/00000002301
Dikko & Mahmoud Solicitors
COMPANY SECRETARY
Nahco aviance House,
Murtala Mohammed International Airport,
Ikeja – Lagos, Nigeria

# NAHCO... Service Excellence

## PROFILE

The Nigerian Aviation Handling Company Plc, NAHCO Plc (nahco aviance), is a major player in the ground handling service sector of the nation's air transport industry, with presence in all the major Nigerian airports. Founded in December 1979, as Nigerian Aviation Handling Company Limited by the Federal Government, through the Federal Airports Authority of Nigeria (FAAN), Air France, British Airways, Sabena and Lufthansa, it has however become a publicly quoted company through privatization, and thus renamed NAHCO Plc.

NAHCO Plc has since grown into a multi-billion Naira company with diversified investments in energy, logistic and development of a Free Trade Zone Company and currently has three institutional investors holding more than 5% of the total share of the company as of December 2020. These major investors are Godsmart Nigeria Limited – 26.95%; Awhua Resources Limited – 7.13%; White Cowries Industries Limited – 6.98%.

### CERTIFICATIONS

Our ground breaking and leadership position in the nation aviation ground handling business has been unparalleled as the Company has continually shown the way in this critical service sector through its many first achievements, such as:

- First Nigerian ground handling company to enter a strategic global alliance through its membership of aviance, an alliance of 10 reputable airport service providers operating from 112 airport in 17 countries;
- The first ground handling company in West Africa to join The International Air Cargo Association (TIACA) for the operation of air cargo industry and world trade;
- First ground handling company to provide aircraft disinfection service;
- The first ground handling company in West Africa to receive ISAGO certification, the aviation industry's highest safety honours, that is the IATA safety Audit for Ground Operations;
- The first ground handling company in Nigeria and indeed the whole of West Africa to attain the EU Regulated Agent Third Country (RA3) certification; and
- A two-time winner of the prestigious Nigerian Stock Exchange (NSE) Presidential Merit Award for the Aviation Sector. The very rigorous processes leading to these various certifications and re-certifications of the Company business have set it up as the benchmark for local aviation service quality.



### AWARDS

Our long list of awards includes, but not limited to: NIGAV Awards 2019, 2018 for Best Airport Ground Handling Company; African Corporate Leadership Excellence Prize, 2018; and the International Trophy for Quality, 2018 awarded by Global Trade Club, Madrid, Spain; Other awards are the Most Innovative Ground Handling Company of the year, 2018 by Association of Foreign Airlines Representatives in Nigeria (AFARN), the Aviation Handling Company of the Year, 2017, awarded by Nigeria Transport Awards; The Best Air Cargo Handling Company, 2017 awarded by Sub- Saharan Enterprise, the Global Risk Award 2016 in UK where we won the Excellence in the Face of Adversity Award.

### SUBSIDIARIES

Our business growth strategy led to the establishment of three subsidiary businesses:

1. NAHCO Free Trade Zone Limited (NFZ), with a license issued by the Federal Government of Nigeria to drive the free trade zone initiative of the government at the airports. NFZ is the first airport-based free trade zone in the country;

2. Mainland Cargo Options Limited (MCO), a subsidiary company established towards meeting the objective of harnessing the opportunities of the Air, Land & Sea logistics; and

3. Nahco Energy Power and Infrastructure Limited (EPI), established to tap into the opportunities in the power sector.

### DIVIDEND PAYMENT

The Company which is the first publicly -listed ground handling company on the floor of the Nigeria Stock Exchange has a history of regular dividends payments to its valued shareholders.

### NAHCO PEOPLE

NAHCO Plc has more than 1,900 staff in its employment. Our staff members are well trained to provide excellent services to our numerous clients in aircraft and cargo handling, passenger services and indeed, in all services provided by the company within the aviation industry.

Our Board is made up of high-profile Nigerians that have distinguished themselves and made positive marks in their various fields of endeavors. These distinguished Nigerians are led by Dr. Seinde Oladapo Fadeni, (Chairman); Engr. Mohammed Gambo, (Vice Chairman); Mrs. Olatokunbo Fagbemi, (GMD/CEO); Mr. Olumuyiwa Olumekun, (Executive Director) and Prince. Saheed Lasisi (Executive Director). Others are Mr. Akinwumi Godson Fanimokun, Sir Sunday Nwosu, Mr. Salman Taofeek Oluwatoyin and Mr. Tajudeen Shobayo. Also on the Board are Engr. Solagbade Alabi and Mrs. Abimbola Adunola Adebakin.

# CHAIRMAN'S STATEMENT

**Dr. Seinde Oladapo Fadeni**

Group Chairman

## INTRODUCTION

Our distinguished Shareholders, members of the Board, distinguished guests, ladies and gentlemen, I warmly welcome you to the 40th Annual General Meeting of Nigerian Aviation Handling Company Plc. I trust that you are all keeping well in these unprecedented times. The COVID-19 pandemic took the lives of many, unsettled the world, crippled economies, and rendered most companies unproductive. We have watched as governments, industries, and business owners fight to revive and rebuild the economy. These have been very challenging times indeed, but we are pulling through.

Our Company has been closely monitoring the global effects of the COVID-19 pandemic and its impact on the aviation industry. We implemented several measures to protect our employees, clients, and stakeholders by ensuring that all Covid-19 protocols are being strictly adhered to and ensure the company's continued survival.

I express my sincere appreciation to our staff and the Management for their time, energy, dedication, and sacrifice during the past year and now, all geared towards maintaining service expectations and delivery. Amid this difficult and trying time, we were able to win new clients and increase existing businesses, which helped turn around the negative impact of the pandemic on our business.

> **"Cornelius Nepos, the Roman historian, once said: "after darkness comes light." We have been through the worst year in our history, and we exited unbowed with even renewed determination."**





## OPERATING ENVIRONMENT AND ECONOMY

Before the pandemic hit in 2020, aviation contributed an estimated $1.7 billion (N646 billion) to Nigeria's GDP and supported 241,000 jobs. IATA estimates that the COVID-19 crisis puts 124,000 Nigerian jobs and some $900 million (N342 billion) of the country's GDP at risk.

For the ground handling companies, 7 billion Naira is estimated to have been lost. This is majorly responsible for our performance in the year ending December 31, 2020, featured in this Annual Report which you are being presented today. We lost the first half of the year to the pandemic, as during the initial lockdown, the airspace was shut and limited to emergency cargo and evacuation flights.

Still in 2020, the Nigerian economy shrunk by 3% while inflation rose from 11.4% in 2019 to 12.4%, leading the country into a recession. Also, the uncertainties towards the build-up to the United States election in quarter four and the unabating COVID-19 pandemic propelled drops in the world economy with far-reaching implications on Nigeria's oil exports. The prolonged closure of borders by Nigeria to curb smuggling significantly affected trade with other countries in West Africa and raised the prices of imported products, especially rice.

Nigeria had many opportunities to transform its economy in 2020, particularly through the government's focus on a recovery plan in agro-processing and export. Unfortunately, the pandemic, spike in kidnapping, banditry, cattle rustling, and general insecurity created a dilemma in achieving this potential.

Nigeria's Gross Domestic Product (GDP) grew by 0.11%(year-on-year) in real terms in the fourth quarter of 2020, representing the first positive quarterly growth unlike the previous three quarters. Though weak, the increase reflects the gradual return of economic activities following the easing of restricted movements and limited local and international commercial activities in the preceding quarters.

## OVERVIEW OF THE AVIATION INDUSTRY

In 2019, the aviation industry contributed 13.17% to the country's GDP but declined to -36.98% in 2020. Figures from the National Bureau of Statistics indicated that the industry's total contribution to the GDP in Q4, which stood at 14.98% in 2019, dipped to -51.69% in 2020.

However, the negative variance cannot be detached from the effects of the COVID-19 pandemic, which led to the shutdown in air transportation. Even upon opening the airspace and resumption of commercial flights, not all airlines returned, schedules were altered, and frequencies reduced drastically.

Despite the challenges in the industry, stakeholders see the potential and are committed to harnessing it.

## 2020 FINANCIAL PERFORMANCE

The Company's revenue was N7.330billion, with gross profit falling to N2.285billion. Profit before tax stood at N429million, while Profit after Tax was N171million, representing a 76% reduction compared to the previous year.

The Company can be said to have operated grossly below capacity due to the force majeure, at most 10 percent capacity in the first half of 2020, and only returned to about 65% activities in the second half, resulting in the negative result experienced. But for our new signings, especially the ingeniously propelled China flights by our team in conjunction with Skywards Aviation and additional cargo handling for Ethiopian Airlines, Turkish Airlines, Qatar Airways, DHL etc. our year would have ended on a dire note. We were also able to renew our contracts with Egypt Air, DHL, Turkish Airlines, Qatar Airways and Azman.

Our operational cost, especially on COVID 19 driven demands for Personal Protective Equipment (PPE), procurement and maintenance of the GSEs and administrative expenses increased despite the lockdown.

## DIVIDEND

Given the COVID-19 pandemic and the resulting extraordinary circumstances, our directors have recommended a dividend of 12.5 kobo for the financial year ended December 31, 2020.

The Group Synergy

We had projected that the Company and its subsidiaries will begin to show significant increase in revenue in 2020, but for Covid-19 pandemic, our projected target was not met. Our Logistics arm Mainland Cargo Options has continued to make significant inroads into specialized logistics support.

We believe that with all that we have put in place and the gradual pick up of the aviation industry and economy we will reap the fruits of the seeds we have sown in the coming year.

## OUTLOOK FOR 2021

The International Air Transport Association's global passenger traffic results for 2020 showed that demand (in revenue passenger kilometers) fell by -65.9% compared to 2019, which by far remains the sharpest traffic decline in aviation history.

IATA's baseline forecast for 2021 is for a +50.4% improvement on 2020 demand, bringing the industry to 50.6% of 2019 levels. But it has warned of a “severe downside risk” if more travel restrictions are introduced in response to new COVID-19 variants. In this case, demand improvement could be limited to just +13% ahead of 2020 levels, leaving the industry at 38% of 2019 figures.

Cornelius Nepos, the Roman historian, once said: “after darkness comes light.” We have been through the worst year in our history, and we exited unbowed with even renewed determination.



The Nigerian economy is predicted to rebound by 3.1 % in 2021. With the discovery and ongoing administration of COVID-19 vaccines across the globe, it is expected that before the end of Q2 2021, the aviation industry would have re-positioned close to its pre-COVID-19 state as we have already started to see.

The domestic aviation market is already showing signs of rebound, over the last few months several aircraft have been brought into the country by domestic carriers. We have also witnessed introduction of new domestic carriers. We have signed contracts with new entrants, Green Africa and United Nigeria Airways.

We have also renewed service agreements with Qatar Airways, signed up with new entrants United Nigeria, Green Africa and United Airlines, that is expected to commence operations in 2021.

We remain committed to our transformational agenda of operational excellence, digital transformation, people and culture transformation, organic growth, and diversification, as all these would further strengthen our capacity to build a sustainable and profitable company.

## Conclusion

While thanking the Federal Government for the palliatives extended to the sector, we urge the government to look into tax incentives, duty exemption on imported ground handling equipment, and their spare parts.

I am optimistic that our Company is well-positioned to meet the challenges of 2021. We will continue to monitor the performance of our business closely, ensuring that the Management executes its strategy with financial discipline and integrity. We all are committed to creating value for our shareholders, and I look forward to reporting on our progress in 2021 at the 2022 Annual General Meeting (AGM).

With God on our side, we shall continue to grow in bounds.

Welcome to 2021 Financial Year.

Thank you.

..........................................................

Dr. Seinde Oladapo Fadeni

## GMD/CEO's Speech

**Olatokunbo Fagbemi**
GMD/CEO

Dear Shareholders,

Thank you for joining us for the 40th AGM of our dear Company. It is indeed a pleasure to extend you a warm welcome on this occasion.

In the penultimate financial year, our Company had worked towards identifying ways of increasing our revenue and implementing various cost optimization initiatives aimed at translating into lower operational and administrative costs, but with the coming of the Covid-19 pandemic in 2020- we saw all our projections go awry and business almost grounded for most part of the year.

At the height of the pandemic the Nigerian airspace was shut to flights safe for essential cargo and passenger evacuation flights, as well as country wide lockdown which hindered the movements of goods and individuals, we had to go the extra mile to provide services to the few essential cargo flights allowed to operate. These services challenged us financially as they were provided at a higher cost, to retain customers, on-board new customers, and to deliver value to our stakeholders.

Our capacity to engage with various stakeholders as well as increase the scope of marketing drive all helped in sustaining our business. We had an improved relationship with the regulators, won more clients, renewed contracts, and survived the turbulent year. We refused to be cowed by the challenges of 2020 and have resolved to go all out to make 2021 more rewarding for each and every one of you.

> **"We have retained our IATA Safety Audit for Ground Operations (ISAGO) certification in three airports in the country, namely Lagos, Abuja and Kano airports."**



In the year under review, our Group profit after tax (PAT) reduced significantly by 76% from 717 Million in 2019 to N171 Million in 2020. There was a drastic decrease in profit before tax (PBT) to N429 Million.

Group revenue reduced by 27% to N7.330 Billion, while Gross profit was N2.285 Billion. Operating cost decreased by 23%, while administrative expenses decreased by 6%.

We took some unpopular, but inevitable decisions because of the pandemic. Some categories of staff took between 10-50% pay cut for some months, promotion and recruitment were frozen, the reduction in administrative cost helped in reducing the liability that would have been incurred. These initiatives and others resulted in a profitable year despite the severe challenges. It is pertinent to note Federal Government gave aviation businesses some palliative and NAHCO received a sum of N76 million.

The major saving grace was the increase in cargo revenue in the last quarter of 2020. We also onboarded new airlines, Skywards Aviation and United Nigeria, and handled majority of the chartered flights. We strict controls on cash and costs we were able post a profit.

We cannot but say a big thank you to all those that made it possible, and to the emergency rescue team that worked tirelessly round the clock during the lockdown to enable our continuous operations, and to our ever-supportive Board, we are grateful.

### Transformation Plan

The transformation plan, though altered by the Covid-19 pandemic, is on course but shaped by current realities. KPMG in partnership with our Project Management Office worked tirelessly in the implementation of our transformational goals of operational excellence, digital transformation, people and culture transformation, organic growth and diversification as well as our rebound plan.

The goal is to improve NAHCO's ability to serve customers with consistent service and best-in-class processes, and we are pleased that the project has shown positive results. Quality, safety and security in all operations remain the core of our business. Safety being part of Safety, Integrity, Innovation, Reliability, Respect and Empathy (SIIRRE). This enabled us to reposition and quickly develop procedures for the implementation of COVID 19 Protocols in all areas of our business.

Despite the pandemic, we provided virtual training to our staff on COVID-19 prevention and management, while other mandatory trainings to ensuring compliance with regulators and airlines' requirements were not jettisoned.

## Asset Renewal Strategy

The announced Ground Support Equipment (GSE) acquisition was to have been completed by the end of second quarter, but for the COVID-19 pandemic. We have taken delivery of some of the equipment and are expecting the arrival of the others. We have embarked on a quarterly asset acquisition program.

We commend our GSE & Maintenance department for tirelessly supporting the existing equipment, fabricating new ones and looking inwards for solutions, as our calls to the government for waivers on the importation of spares and Ground Support Equipment remain unanswered.

## Facility Upgrade

The expansion of our export warehouse in Lagos in 2019 has helped us to cope with the increase in the volume of cargo throughput and allowed us to meet certain operational and security requirements from international regulators. We are the only warehouse accredited in Nigeria for processing perishable exports by the National Quarantine Service.

Our investment in a processing and packaging centre to support the agents and exporters in packaging and standardizing their goods was stalled due to the pandemic. Also, the closure of international airports, except Lagos and Abuja for almost the entire year affected our investments in the Kano cargo export section.

However, beyond warehouse expansion, we also refurbished many of our facilities, including the NAHCO Cargo Complex where majority of our customer airlines and cargo agents have their offices.

## Operational Efficiency

Despite the challenges posed by Covid-19, we were able to operate in line with our differentiating competence, "service excellence" thanks to the robustness of our business continuity plan. Our Health Safety Environment and Quality (HSEQ) team was very proactive, kept abreast of all the information and changing protocols for the pandemic and evolved necessary procedures and training to support our staff all through.

We participated fully in the industry plans and programs for reopening of the airspace with improved relationship with regulators and other stakeholders, especially Nigerian Civil Aviation Authority (NCAA), Federal Airports Authority of Nigeria (FAAN). It is worthy of note that industry stakeholders worked tirelessly with the Ministry of Aviation, NCAA and FAAN on this.



We have retained our IATA Safety Audit for Ground Operations (ISAGO) certification in three airports in the country, namely Lagos, Abuja and Kano airports. NAHCO was successful in all the airlines' audits. We built on the RA3 revalidation of our operations in Lagos, Abuja, Port Harcourt and Kano to support our airlines cargo activities.

## Operating Environment

Global economy continues to struggle with concerns of dwindling growth. A steady growth of economies is being supported with the discovery of more effective and affordable vaccines. However, the various waves 3rd and 4th, and the various emerging strains of COVID continue to pose a global economic challenge and disruption to the aviation industry especially passenger services.

The discovery and administration of vaccines have slowed down the crisis, most economies have begun to reopen, though not fully, we therefore expect that even as we battle and live with the virus and the emerging variants under the "new normal"; we would take advantage to build on the situation to have a better 2021.

The ground handling business in Nigeria is typified by intense competition, the typical airline considerations being safety performance, quality standards, customer service and cost. I am happy to report that we have succeeded in retaining and acquiring the highest percentage of customer portfolio. We look forward to full evolution of a better regulated market with a fair competitive environment.

## Our Projection

There is no certainty as to when the COVID-19 pandemic will cease to trouble the world, though different vaccines have been developed and are being administered, however, there are concerns about the side effects of some of these vaccines, also, there are fears of a third and fourth wave of COVID in globally and in Nigeria. Therefore, one cannot be too sure of what is to come, but as it stands, 2021 is surely going to be more profitable year than 2020.

International Air Transport Association's forecast for 2021 is a 50.4% year-on-year improvement on 2020 demand that would bring the industry to 50.6% of 2019 levels. It noted that there is a severe downside risk if more severe travel restrictions in response to new variants persist. Should such a scenario materialize, demand improvement could be limited to just 13% over 2020 levels, leaving the industry at 38% of 2019 levels. It further reported forward bookings have been falling sharply since December 2020, with bookings for future travel made down 70%, putting further pressure on airline cash positions and potentially impacting the timing of the expected recovery. It is incontrovertible that the survival of a ground handling company is dependent on the airlines, we are however hopeful.

Until 2020, NAHCO was on a trajectory of annual growth, indeed 2020 started with a growth in revenue of 16 % and PBT of 230% in January 2020. Drawing from the climb back to recovery from Q3 2020 and the restart of our operations across our operational network we will continue to rebound and retain our number one position. We shall continue to provide high quality services to the satisfaction of our clients and retain their business. We will also continue to onboard new clients.

To achieve a sustainable future, we shall continue to invest in GSEs and facility upgrades in a cost-effective manner, reviewing and adjusting our cost base accordingly and, exploring and pursuing new business opportunities across the Group. There is no doubt that 2021 will end with much better results than 2020.

## APPRECIATION

Year 2020 will remain a dark spot, with new terms like "social distancing" despite that, it showed us that with oneness of purpose, we can achieve the unusual. Special thanks to our esteemed customers for showing confidence in us and their continued engagement with us, the Board of Directors and all our stakeholders for their support during year. My sincere appreciation to NAHCO Family, staff and the management colleagues for their sacrifice, commitment, resilience, and hard work despite all the challenges that we faced during the year 2020.

Buoyed by our ability to survive and regrow despite the turning of the world upside down, I look forward NAHCO's continued growth and transformation as we continue to deliver service to our customers and value to our stakeholders.

Thank you.

Olatokunbo Fagbemi
GMD/CEO



# DIRECTORS' PROFILE

**DR. FADENI OLADAPO SEINDE**

(Chairman)

Dr Seinde Oladapo Fadeni is the founder and serving Managing Director/Chief Executive Officer of GMT Energy Resources Limited, a private indigenous multi-billion Naira company incorporated in Nigeria with offices in Lagos and Port-Harcourt with an overriding national and global outlook.

He is an astute businessman with experience spanning close to three decades with interests in strategic sectors of the economy including oil & gas, real estate, hospitality, maritime and real sectors.

Dr Fadeni sits on the Boards of a number of companies, including GMT Energy Resources (a marine logistics company), MCI FZE Yard Development Limited (a joint venture between MCI FZE and Samsung Heavy Industries Nigeria where Total Upstream Nigeria Limited and her partners integrated their EGINA FPSO's 6 topside modules); Badagry Ship-repair Maintenance Engineering Consortium (BSMEC), Godsmart Limited (a company with investment interests in strategic sectors of the economy, including Aviation and Real Estate), Elect & Chosen Limited (a reputable interior design and furniture supply company) and Sanctum Hospitalities Nigeria Limited.

Known for his incredible skill in perceiving business needs and creating solutions to address the needs. Dr. Fadeni has a network of high-value contacts in international and domestic business communities.

Dr Fadeni started his educational journey in Mayflower Primary and Secondary School, Ikenne. He had his higher education at the University of Lagos where he bagged a Bachelor of Science Degree in Biology. He also has an Honorary Doctorate Degree in Entrepreneurship from Joseph Ayo Babalola University. He has attended various courses all over the world, including the Owners/President Management (OPM) Program organized by Harvard University, Leading from the Chair at INSEAD and High-Performance Board at IMD. He is also an Associate Member of the Nigeria Institute of Management (AMNIM), Nigerian Institute of Credit Management and Port Harcourt Chamber of Commerce and Industry. He has received several awards from professional and business bodies in recognition of his contributions to nation-building.

The Chairman is God-fearing, loving and caring family man with strong commitment and devotion to philanthropic activities, the flagship of which is The Chris Alice Foundation that gives scholarship and other forms of support to students who scored up to 3.5CGPA and above, widows, senior citizens and orphans.

**ENGR. MOHAMMED GAMBO UMAR, mni**

(Vice Chairman)

Engr. Moahmmed Gambo Umar, mni, is the Vice Chairman of the Nigerian Aviation Handling Company Plc Board of Directors. He has had a long career spanning many sectors of the Nigerian economy for over three decades.

Engr. Umar holds a master's degree in Finance and Banking from Morgan State University, Baltimore, Maryland, USA as well as a Bachelor of Science degree in Industrial Engineering from Kansas State University, Manhattan, Kansas, USA. During the course of his career, he attended many executive development programmes, in among others, Lagos Business School, Stanford University, California, USA, National University of Singapore and University of Witwatersrand, South Africa.

He has a vast and varied boardroom experience, having served on the boards/governing councils of twenty four companies and organizations, eight of them as the Chairman.

Engr. Umar is a Fellow of the Nigerian Society of Engineers (NSE), Member, National Institute for Policy and Strategic Studies (NIPSS), mni; Member, Council for the Regulation of Engineering in Nigeria (COREN), Member, Institute of Directors (IoD), Fellow, Nigerian Institute of Management (NIM) and Fellow, Institute of Management Consultants (IMC), amongst others.

He has also held various leadership roles as National President of the NIPSS Alumni Association, (AANI), Chairman, Bauchi State Privatization Committee, and Monitor-General, Senior Executive Course (SEC) 23, NIPSS, Kuru, 2001, amongst others.

He is a recipient of many awards some of which are; National Hero of Democracy Award (2017); NIPSS Director General's "Outstanding Leadership Qualities" award for Senior Executive Course (2001) and Development in Nigeria Merit Award (DINMA) (2003. He joined the Board of NAHCO PLC on July 19, 2018.





**MRS OLATOKUNBO ADENIKE FAGBEMI**

(Group Managing Director/CEO)

Mrs. Olatokunbo A. Fagbemi is an Airports Council International (ACI) and International Civil Aviation Organization (ICAO) certified International Airport Professional (IAP), one of the few African women to have achieved the highly rigorous standards for expertise in the field of airport management.

In addition to the IAP Certification, Mrs. Fagbemi holds a Master's Degree in Business Administration from IESE ("Instituto de Estudios Superiores de la Empresa") University of Nevara, Spain. She also holds a Bachelor's Degree in Pharmacy from the University of Ibadan. Tokunbo also attended Maryhill Convent School Ibadan, Queens School Ibadan, Harvard University USA and Cranfield University UK.

She holds Certificates in; Air Transport Management, Airport Commercial Revenue Development, from the Cranfield University, UK, and Leaders in Development from Kennedy School of Government (KSG), Harvard University. As well as a Certificate in Infrastructure in a Market Economy from KSG, Harvard University. She is an IATA certified Leasing Professional, an expert in Infrastructure Provision and Public-Private Partnerships and has facilitated several training programmes for Airport Council International (ACI), Airlines, Ground Handling Companies and the Nigerian Civil Aviation Authority (NCAA).

The alumnus of the Lagos Business School has had the privilege of working and training in various aspects of Airport Management, Passenger Handling, Ramp Handling and Cargo Handling at; Dubai International Airport, Changi Airport Singapore, Murtala Muhammed International Airport Ikeja and Dallas Fort Worth Airport amongst others. Tokunbo has hands-on Consulting, Business Advisory and Financing expertise haven worked with several Ground Handling companies, Civil Aviation Authority in Nigeria, Gambia and Sierra Leone.

Tokunbo has attended several International Civil Aviation Organization (ICAO), International Air Transport Association (IATA), IATA Ground Handling Council (IGHC), Airports Council International (ACI) courses and seminars.

She was an Executive Director in Spring fountain Infrastructure Limited and the Managing Director of the African Aircraft Leasing Company (AALC).

Tokunbo is married with children. Her hobbies include; Reading, Aerobics, and Travelling.

**MR. OLUMUYIWA OLUMEKUN**

(Group Executive Director - Corporate Services)

Olumuyiwa Olumekun is a graduate of the University of Ibadan and alumnus of the Lagos Business School having attended the Chief Executive Programme and the Advanced Management Programme at different times. He also attended IESE Business School in Spain and Harvard.

He is a member of the Institute of Directors (IoD) Olumekun was Executive Director at Red Star Express, one of the frontline courier firms in Nigeria. At Red Star, he provided support for the CEO as well as directed Sales, Marketing, Operations, Strategy, Business Development, Customer Service and Information Technology at different times.

He also served as the Acting Managing Director and was a member of the Board of Directors for 10 years. He also managed clients which included banks, FMCGs, oil and gas, aviation, logistics and public sector in his illustrious career. He has, for more than 25 years, mentored, coached, and advised executives and managers as they focused on business building and career development.

**MR. TAOFEEQ OLUWATOYIN SALMAN**

(Non-Executive Director)

Mr. Taofeeq Oluwatoyin Salman is the Managing Partner of Canary Legal (“the Firm”) a corporate and commercial law firm. He also leads the firm's corporate governance, company secretarial and legal advisory practice group. He advises clients locally and internationally on Foreign Investment, Project Finance, and Public-Private Partnerships (PPP).

He obtained an LLB (Hons) from the University of Ilorin, Nigeria, Barrister at Law from the Nigerian Law School and LLM from the University of East Anglia, Norwich, England (UK). He is a member of the Nigerian Bar Association, International Bar Association, Chartered Institute of Arbitrators (UK) and Institute of Directors (MIoD).

He has worked as a litigator in one of Nigeria's leading litigation firm. He served as the Head of Legal and Compliance Department and subsequently rose to become the Managing Director of Rosehill Group Limited (a diversified investment Holding Company with interests in Infrastructure, Aviation, Real Estate, Hospitality and Construction). He is also a Non-Executive Director on the Board of Asokoro Island Holding Limited, Deluxe Luxury Suites in Kaduna, and Barlow and Barrow International Limited.





**PRINCE SAHEED LASISI**

(Group Executive Director - Commercial & Business Development)

Prince Saheed Lasisi is an alumnus of the prestigious University of Lagos, where he graduated with second class honor, (upper division) in Accounting and obtained his Masters of Science Degree also in Accounting from the same Institution. He is a Fellow of the Institute Chartered Accountants of Nigeria. His over 19 years of work experience spans a broad spectrum of the Nigerian economy. He was the Group General Manager; Business Development & Strategic Planning in SIFAX GROUP (a Multinational company into Maritime, Aviation Ground Handling, Haulage & Logistics, Oil & Gas, Marine Services, Hospitality and Bonded Terminals Cargo Services). He has been in investment banking, internal and external audit, management consultancy insurance, corporate finance, supply chain management, capital market and private equity, aviation and maritime.

He had worked in Perpetual Assurance Company Ltd (now part of Standard Alliance Insurance Plc) as Financial Controller, Truebond Investments and Capital Limited as Group Head, Internal Control. He served as a director in various quoted and unquoted companies among which are; Nigerian Wire and Cable Plc, Guardian Health Care Ltd, Truebond Capital and Asset Management Ltd, Truebond Microfinance Bank Limited, Western Properties and Leisure Ltd, Golden Tophedge Investments Ltd among others.

He was a member of The Transition Management Team of Skyway Aviation Handling Company Limited (SAHCOL) in charge of Finance, Internal Audit, Admin & Procurement when the Federal Government of Nigeria handed off SAHCOL to the new investor, SIFAX GROUP in December 2009. He is actively involved in various educational and training programmes and has facilitated many seminars and trainings both in Nigeria and Europe, the latest of which is; Bank Risk Analysis for Regulators in the United Kingdom and Nigeria. His appointment took effect, May 1, 2019.

**SIR SUNDAY NNAMDI NWOSU**
(Independent Non-Executive Director)

Sir Sunday Nnamdi Nwosu is the Founder and the first National Coordinator of the Independent Shareholders Association of Nigeria (ISAN), a shareholders' association with branches all over Nigeria. A consummate boardroom guru and capital market expert, Sir Nwosu has a special bias for accounting and financial reporting. He has served in several public and private institutions in areas relating to auditing and accounting.

He is a prominent name among the heavyweight shareholders in Nigeria. Sir Nwosu has been a capital market faithful for 49 years. ISAN, which was formally inaugurated in 1998 was one of his many efforts at ensuring that publicly – listed companies play according to the rules. He attended several and various courses in Nigeria and abroad on capital market and corporate governance. He is a member of the Institute of Directors (MIoD).

Sir Nwosu sits on the Board of many companies and committees including as Chairman, Board of Directors of R T Briscoe Plc, Member, Board of Directors of MRS Oil Nigeria Plc, Kajola Integrated Investments Plc, Nigerian Aviation Handling Company Plc, ISAN Investment and Property Company Limited, Capital Market Development Company (a subsidiary of Securities and Exchange Commission), Chairman, Obuchi Limited and Chairman Sunnaco Nigeria Limited.

He is also the Chairman, Audit Committee of Julius Berger Nigeria Plc and a member of the Audit Committee of Friesland Campina WAMCO Plc, Seplat Petroleum Development Plc, and First Trust Bond Mortgage Bank Plc,

He was also a member, Securities and Exchange Commission – Rules/Legislation Committee and member, Federal Government of Nigeria Commission on Vision 2020.

He is a very charitable individual by nature. He is the National President of the Boys Brigade and a recipient of many awards for his philanthropic works. These include the Boys Brigade of Nigeria's Award for Meritorious Services and Merit Award, Nigerian Red Cross Society, Lagos. He was honoured with one of the highest orders in Catholic Church by the Pope as the Knight of St Silvester the Great.





**MR. AKINWUMI GODSON FANIMOKUN**
(Independent Non-Executive Director)

Mr. Akinwumi Godson Fanimokun has a distinguished career and wealth of experience, spanning 35 years in effecting and implementing change, driving strategic positioning and demonstrating diverse competencies across systems and subsidiary leadership.

Mr. Fanimokun served with First Bank of Nigeria Limited from 1980 – 2015, where he headed various units amongst which are the Manager – Banking, First Bank of Nigeria, UK, Project Manager - New Banking Application (Finacle 7) and Group Head - Public Sector, Abuja till 2008.

In 2009, Mr Fanimokun served as Managing Director and Chief Executive Officer (CEO) of First Pension Custodian. In 2013 he was appointed Group Executive Technology and Services of First Bank of Nigeria Limited. A position he held until his retirement in 2015.

Mr. Fanimokun holds a BSc Economics from the University of Ife (now Obafemi Awolowo University), Ile-Ife, 1979, and a Master's Degree in Business Administration (MBA), from Henley Management College, Henley-on-Thames, United Kingdom.

In his quest for demonstrating diverse competencies across systems, he has attended several distinguished professional trainings at Harvard Business School in 2007 and 2009, Chicago Booth Business School in 2008, London Business School (UK) in 2010, Fund Forum International Conference in 2011 and 2012 and Global Custody Forum in 2010 and 2012. More recently in 2019, he also attended the Institute of Directors' International Masterclass on Corporate Governance and Values-Based Leadership in London, UK.

He was an Executive Committee member of the Chartered Institute of Bankers Nigeria (Lagos Branch) from 2008 to 2011 and Chairman Bankers' Night Committee from 2009 to 2011.

Mr. Fanimokun is a Fellow of the Chartered Institute of Bankers Nigeria and he is happily married to Abiola Fanimokun with children.

### ENGR. SOLAGBADE OLUKAYODE ALABI

(Non-Executive Director)

Engr. Solagbade Alabi holds a Bachelor of Science degree in Mechanical Engineering from the University of Lagos and is a Fellow of the Nigerian Society of Engineers. He has attended various professional courses in Business Transformation, Effective Management/Leadership, Petroleum Economics, Project Controls and Management Project Financing amongst others; at various institutes, including Wharton, INSEAD and Harvard.

He has made a lot of impact in public and private sectors (oil & gas) and education at management and board levels. He was at various times, the MD/CEO of Port Harcourt Refinery Co. Ltd (2007) and Group General Manager, NNPC, (2009). He is presently the Chairman of Batel Litwin Global Services Ltd and XPLOIL Nigeria Limited and a Non – Executive Director at AIMADEN Nigeria Limited. He is married with children and enjoys reading and listening to music.

### MRS. ABIMBOLA ADUNOLA ADEBAKIN

(Independent Non-Executive Director)

Mrs Abimbola Adunola Adebakin has over 29 years of professional experience spanning Stockbroking, Banking, Management Consulting and Training. She is a versatile trainer and proficient management consultant who has led consulting teams across a broad spectrum of assignments including strategy development, human resources management, organizational development and change management.

She has developed and delivered many training topics covering strategic management, management and leadership development, corporate governance, entrepreneurship and workplace productivity.

She is a certified IFC trainer on Corporate Governance and Entrepreneurship and also certified by Central Bank of Nigeria (CBN) to train microfinance bank operators. She left as head of FITC Consulting to set up EPS Performance Improvement Limited, a firm focused on partnering with businesses and individuals to improve their performance. She also manages a business incubation centre where she offers business coaching and advisory services to start-ups and small businesses.

Adebakin graduated from the University of Benin with a Second Class Upper in Biochemistry. She has a Master's degree from the University of Ibadan and MBA from the University of Lagos. She is a member of the Learning and Development Network in Nigeria where she serves as the national Treasurer and also a member of the Association for Talent Development (ATD) in USA. She is passionate about working with teenagers and young people to guide them in attaining their potentials. She also serves on the Board of Solid Foundation Ministry an NGO committed to working with teenagers and youths. Her appointment took effect April 26, 2019.

Her appointment took effect April 26, 2019.





### MR. TAJUDEEN M. SHOBAYO

(Non-Executive Director)

Mr Tajudeen Shobayo is an alumnus of University of Liverpool, UK, and a Fellow of the Institute of Chartered Accountant of Nigeria (ICAN). In the course of his illustrious career, he has attended several professional courses in Nigeria, Netherlands, UK and United States in Economics and Valuation, Opportunity/Project Management, Contract Management, Capital Budgeting, Fraud and Risk Management and Strategic Cost Leadership.

He had also had training in Advanced Negotiations, Risk and Decision Analysis, Deal Implementation, relationship Management, Non-Operated Ventures Management and Health/Safety/Environment and Leadership. He is a result-driven, efficiency–conscious finance–cum–commercial professional with extensive experience in corporate finance, decision analysis, strategy and planning, opportunity identification and maturation, negotiation and stakeholder management with demonstrated capacity to add value towards corporate objectives.

His 38 years of work experience spans public and private sectors in oil & gas, education, real estate, and agriculture at management and board levels. He is married with children. His hobbies are reading and football.

### PROFESSOR ENYINNA OKPARA

(Non-Executive Director Nominee)

Enyinna Okpara is a Professor of Accounting and Finance and an Associate of the Institute of Chartered Accountants of Nigeria (ICAN). He was born on 27th March 1960. He has the following academic qualifications: PhD (Accounting), M.Sc. (Accounting), MBA (Finance), B.Sc. (Accounting), PGD (Financial Management), HND (Accounting) and NCE (Business Education). Professor Okpara is currently the Dean of College of Social and Management Sciences, Wellspring University, Benin City. He had previously worked as Accounts/Logistics Manager in Dangote Group. He is an experienced auditor and tax consultant having worked with Akintola Williams Delliotte. Professor Okpara served in the Nigerian Army as a commissioned officer rising to the rank of Captain before he voluntarily disengaged from active military service in 1999.

# REPORT OF THE DIRECTORS

**FOR THE YEAR ENDED 31 DECEMBER 2020**

The Directors are pleased to present to the members of the Group their Report together with the Audited Financial Statements for the year ended 31st December 2020, which is in compliance with the International Financial Reporting Standards (IFRS) and other national disclosures.

## Principal activities

The principal activities 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 2020** ₦000 | **Group 2019** ₦000 | **Company 2020** ₦000 | **Company 2019** ₦000 |
|---|---|---|---|---|
| Revenue | 7,126,121 | 9,996,145 | 6,779,005 | 9,570,197 |
| | ======== | ======== | ======== | ======== |
| Profit before taxation | 361,279 | 1,340,503 | 329,642 | 1,040,114 |
| Taxation for the year | (59,148) | (623,304) | (37,820) | (603,746) |
| Profit for the year | 302,131 | 717,199 | 291,822 | 436,368 |
| Non-controlling interest | (10,627) | (6,886) | - | - |
| Retained profit for the year attributable to equity holders of the parent | 291,504 | 710,313 | 291,822 | 436,368 |
| | ===== | ==== | === | ==== |

## Dividend

The directors will propose a gross dividend of 12.5 kobo per ordinary share of 50 kobo each amounting to N203 million, to the members at the Annual General Meeting for approval (2019; N487 million).





## DIRECTORS

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

Dr Seinde Oladapo Fadeni
Engr. Mohammed Gambo Umar, mni,FNSE
Mrs. Olatokunbo Adenike Fagbemi
Mr. Olumuyiwa Augustus Olumekun
Sir. Sunday Nnamdi Nwosu, KSS
Mr. Akinwumi Godson Fanimokun
Mr. Taofeeq Oluwatoyin Salman
Engr. Solagbade Olukayode Alabi
Mr. Tajudeen Moyosola Shobayo
Mrs. Abimbola Adunola Adebakin
Prince Saheed Lasisi

## DIRECTORS' ELECTION

There was no appointment of Directors since the last Annual General Meeting. However, Professor Enyinna Ugwuchi Okpara has been nominated by Awhua Resources Limited for appointment as a Non-Executive Director representing them on the Board. The Board recommended for his appointment and a resolution for his election by the shareholders will be proposed at this Annual General Meeting. His profile is contained in the 2020 Annual Report and can also be accessed on the Company's website: www.nahcoaviance.com.

## RE-ELECTION OF DIRECTORS

In accordance with Article 107 – 109 of the Articles of Association and provisions of the Companies and Allied Matters Act, 2020, Engr. Solagbade Olukayode Alabi, Mrs. Abimbola Adunola Adebakin and Sir Sunday Nnamdi Nwosu, KSS, 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 2020 Annual Report and can also be accessed on the Company's website: www.nahcoaviance.com.

## APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Section 275 of the Companies and Allied Matters Act 2020 which stipulates that every public company must have at least three independent directors, the Board appointed two directors, Mr. Akinwumi Godson Fanimokun and Sir Sunday Nnamdi Nwosu, KSS, as independent directors, in addition to Mrs. Abimbola Adunola Adebakin, to make the Company's independent directors three.

## 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 303 of the Companies and Allied Matters Act, 2020 were as follows:

## REPORT OF THE DIRECTORS – Continued

FOR THE YEAR ENDED 31 DECEMBER 2020

### Directors' Shareholding:

| S/NO. | NAMES OF DIRECTORS | HOLDINGS AS AT 31 DECEMBER 2020 | % HOLDINGS | HOLDING AS AT 31 DECEMBER 2019 | % HOLDINGS |
|---|---|---|---|---|---|
| 1. | Dr. Seinde Oladapo Fadeni - Direct | - | - | - | - |
| | Indirect - (Godsmart Nigeria Limited) | 437,731,927 | 26.95 | 437,731,927 | 26.95 |
| 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 | 2,000,000 | 0.123 | 2,000,000 | 0.123 |
| 6. | Mr. Taofeeq Oluwatoyin Salman | - | - | - | - |
| 7. | Engr. Solagbade Olukayode Alabi - Direct | - | - | - | - |
| | Indirect - (White Cowry Industries Ltd) | 148,869,885 | 9.17 | 148,869,885 | 9.17 |
| 8. | Mr. Tajudeen Moyosola Shobayo | 1,138,276 | 0.06 | 72,576 | 0.004 |
| 9. | Mr. Olumuyiwa Augustus Olumekun | - | - | - | - |
| 10. | Mrs. Abimbola Adunola Adebakin | - | - | - | - |
| 11. | Prince Saheed Lasisi | 3,006,185 | 0.19 | 3,006,185 | 0.19 |
| | | ------------ | --------- | -------------- | --------- |
| | TOTAL: | 592,947,988 | 36.51% | 591,882,288 | 36.44% |
| | | ======= | ===== | ======== | ===== |





## REPORT OF THE DIRECTORS – Continued

FOR THE YEAR ENDED 31 DECEMBER 2020

None of the Directors notified the Group for the purposes of Companies and Allied Matters Act, 2020 section to the effect that they were members or held some specified interests which could be regarded as interested in any contracts with which the Group was involved during the year under review.

### Related party

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

### Shareholding

The registrars have advised that the called-up and fully paid shares of the Company as at 31 December 2020 were beneficially held as follows:

### Share Range Analysis:

| RANGE | | 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 and White Cowry Industries Limited is represented by Engr. Solagbade Olukayode Alabi.

Awhua Resources Limited, a shareholder of 7.13%, is not represented on the Board. However, it has nominated Professor Enyinna Okpara to represent it and the Board has recommended for his election as a Non-Executive Director by the shareholders at this 40th Annual General Meeting.

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

| | 31 December 2020 | 31 December 2019 | No of shares held |
|---|---|---|---|
| Godsmart Nigeria Limited | 26.95% | 26.95% | 437,731,927 |
| Awhua Resources Limited | 7.13% | 7.13% | 115,806,796 |
| White Cowry Industries Limited | 9.17% | 6.98% | 148,869,885 |

There are no other shareholder(s) asides from the three substantial shareholders above that holds 5% and above of the Company's issued and fully paid shares

### Acquisition of own share

The Group did not acquire any of its shares during the year ended 31 December 2020 (2019; Nil)

### Audit committee

Pursuant to Section 404 of the Companies and Allied Matters Act 2020, the Group 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 404 of the Companies and Allied Matters Act, 2020.





## 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 | - | 750,000,000 | 492,187,500 | 615,234,375 | BONUS (1:4) |
| June 7, 2012 | - | 750,000,000 | 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 (2020: ₦1.3m; 2019: ₦4.5m)

| | ₦'000 |
|---|---|
| Calabar Annual Golf Tournament | 1,000 |
| ANLCA | 250 |
| Rotary Club of Maryland | 50 |
| | ---------- |
| | 1,300 |
| | ===== |

The Group did not make any donation or gift to any political party, political association or for any political purpose in 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. The list of unclaimed dividends can be accessed at the Registrar's office or via the Company's website.

### 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 against disabled persons in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to those of other 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 Group's property, plant and equipment is not less than the value shown in these financial statements.

### Events After The Reporting Date

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 Group 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.A contributory pension fund scheme, in line with the Pension Reform Act 2014 (as amended), exists for employees of the Group.

### Employee Involvement And Training

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and the various factors affecting the performance of the Group. This is achieved through regular meetings between management and staff of the Group. The Group has in-house training facilities complemented with additional facilities from educational institutions (local and offshore) for the training of its employees.

### Customer Complaints

The Company is committed to ensuring an effective and responsive complaints management process hence it has put in place a complaints management policy to ensure that the causes of complaints are fully addressed and to assure stakeholders and members of the public that their concerns will be handled in a fair and appropriate manner.

### Directors' Remuneration





The Company ensures that remuneration paid to its Directors complies with the provisions of the Codes of Corporate Governance issued by the regulators, in compliance of which it makes disclosure of the remuneration paid to its directors on page 94 of this Annual Report.

### Disclosure Of Remuneration Of Managers

The remuneration of the managers of the Company for the year ended 31$^{st}$ December, 2020 is stated on page 132 (Note 36) of this 2020 Annual Report and Accounts.

### Auditors

The auditors, Ernst & Young, having satisfied the relevant corporate governance rules on their tenure in office indicated their willingness, will continue in office as the Group's auditors in accordance with Section 401(2) of the Companies and Allied Matter Act, 2020.

By Order of the Board

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

29th March,2021

# CORPORATE GOVERNANCE REPORT

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 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 Group 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 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.

### Group Governance Structure

### Board Composition and Independence

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 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 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 are 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 committees to assist it in the discharge of its responsibilities. The Group has established the Board Charter and the Board Committees Charters. The Charters spell out the responsibilities, appointment, terms of references, composition, and 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.

The appointment of Board members is in line with the Companies and Allied Matters Act 2020, Nigerian Code of Corporate Governance 2018, Board Charter and the Company's selection criteria for Directors. The Group's Board, led by a Non-Executive Chairman, is composed of individuals with enviable records of achievement in their respective fields and who bring on board high levels of competencies and experience.

### Board Selection and Appointment Process

The Board of the Company ensures a formal and transparent process for the selection and appointment of Directors to the Board. The Board Governance and Remuneration Committee plays a major role in the selection of candidates for appointment to the Board. Appointed candidates must: be analytically strong, be financially savvy, contribute to a gender-diverse Board, be experienced in asset management, be suitably educated and professionally qualified, hold extensive relevant experience, be able to support business generation, have a good relationship with the regulatory authority, be well respected in society, demonstrate very high levels of integrity, pass the fit and proper person test.

The process involves: a careful analysis of the existing Board's strengths and weaknesses, its skills, experience gaps and diversity considering the Company's current business priorities and future plans; identification, shortlisting and interviewing candidates with the appropriate expertise and experience; conducting formal and informal





background checks to ensure they are fit and proper persons to sit on the Board of the Company; discussing formally with prospective candidates the Board's expectations and the nominee's ability to make the necessary commitment; the appointment process is communicated to Board members (external consultants may be engaged as appropriate to obtain an independent view and input into the appointment process); once the nomination is approved by the Board, the Company Secretary notifies the new Director in writing; and the required regulatory authorities are notified of the appointment in writing.

### Independent Non-Executive Directors

The Independent Non-Executive Directors meet the criteria prescribed under section 7.2 of the Nigerian Code of Corporate Governance. They are selected in accordance with the Company's Board Selection and Appointment Policy, which prescribes a rigorous process involving: consideration of available and required skill-set on the board; consideration of the provision of the Companies and Allied Matters Act 2020 and recommended practices under the Nigerian Codes; assessment, screening and shortlisting of candidates; recommendation of eligible and suitable candidate by the Governance and Remuneration Committee to the Board for approval. The appointment letters of Independent Non-Executive Directors clearly specify their duties, liabilities and terms of engagement. Independent Non-Executive Directors declare conflict of interest on appointment, annually and as they occur. The Board ascertains and confirms independence of the Independent Non-Executive Directors annually, through declaration of conflict and review by the Governance and Remuneration Committee.

### Board Induction and Training

The Company ensures that training programmes are organised for Directors to improve their decision-making capacity and overall Board effectiveness. The Company Secretary oversees the induction of new Board members as well as the continuous training of Board members. Induction for new Board members provides important information about the Company, Directors' roles and responsibilities and helps a new Director to settle smoothly into the new role. It also ensures that Directors are adequately acquainted with the Board's purpose, responsibilities, practices, strategy and operations, understanding of the Company and the environment and markets in which it operates. It includes formal and informal discussions with executive management, provision of reading materials and workshops.

The Company Secretary also oversees the provision of additional training to Directors on a continuous basis to enable them to gain a broader understanding and knowledge of the Company and the regulatory and competitive environment in which the Company operates. The Company encourages and supports training programmes for Directors, such as interactive sessions at Board meetings whereby an external facilitator or a specialist facilitates sessions in specific areas of interest.

### Management Committees

There are Executive Management Committee (EMC) and the Group Executive Committee (GEC). The EMC is chaired by the Group Chief Executive and comprises all the Executive Directors, the Chief Financial Officer and the Chief Operating Officer. Representatives of the operating companies may be invited as attendees if required. The EMC deliberates and makes decisions, as necessary, to optimise the resources of the Company and ensure the effective and efficient management of the Company. The EMC also articulates issues to be discussed by the Board. The GEC is also chaired by the Group Chief Executive and other members are the Group Executive Directors, the Group Chief Financial Officer, the Chief Operating Officer and the Chief Executive Officers of the operating companies in the Group. The Company Secretary serves as Secretary to the Committee. The GEC, from time to time, invites to its meetings any other person as may be required.

### Relationship with Shareholders

As a deliberate policy, the Group 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 always strives 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. They can also report any concern about a threatened or suspected breach of any corporate governance requirement to the office of the Company Secretary.
The Annual General Meeting provides interaction between Board, Management and Shareholders. The Group has a dedicated Investors Relations Officer that facilitates communication with shareholders, stakeholders and analysts on a regular basis to address their queries and concerns. Investors and stakeholders are frequently provided with information about the Group through the Group's website which is updated regularly to keep Shareholders abreast of information on the Company. The Group also leverages the experiences, contributions and advice of shareholder members of the Audit Committee.

### 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") and the directive of The Nigerian Exchange ("The NGX") to all listed Companies. The policy is published on the Company's website: www.nahcoaviance.com

### Remuneration Policy

The Board, through the Board Governance and Remuneration Committee, reviews and approves the remuneration of Directors. The Board ensures that Non-Executive Directors' remuneration is in line with the Codes of Corporate Governance. The Non-Executive members of the Board are entitled to sitting allowances and Directors' fees as may be approved by the Board from time to time and they are entitled to reimbursement of expenses incurred while carrying out their duties as Directors of the Company. The Executive members of the Board are not entitled to sitting allowances or Directors' fees paid to the Non-Executive Directors.

### Insider Trading Policy

The Company has a Share Trading Policy which provides a basic explanation of what constitutes insider trading and the Company's policy to prevent it, including: a description of what conduct may constitute insider trading; a description of the acceptable times for persons who fall within the definition of insiders to trade in the Company's securities to minimise the risk of insider trading; and the steps for insiders and their connected persons to take when trading the Company's securities. The detailed policy document is hosted on the Company's website.

### Securities Trading Disclosure

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) the Policy guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares, which 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 year.

### Whistleblowing Procedures

The Board is committed to the principle of sound Corporate Governance and behaviour as enunciated in the Codes of Corporate Governance in Nigeria.The Board has a duty to conduct the Group's affairs in a responsible and transparent manner and to take into account legal and regulatory requirements under which the Group operates. The Whistleblowing Policy and Procedures of the Group are designed to encourage stakeholders to bring unethical conduct and illegal violations to the attention of an internal and supervising authority so that action can be taken to resolve the problem. Stakeholders are provided with the details of the Whistleblowing Line facilities via the Company's website.

### Enterprise Risk Management

The Board defines the Company's risk appetite and limit. Risk assessments and reviews are conducted regularly. The Board is responsible for safeguarding the maintenance of a sound system of internal control and risk management and receives reports from the Risk and Compliance Committee on the effectiveness of the Company's risk management processes to support its strategy and objectives quarterly. Enterprise Risk Management Policy In line with good corporate governance practice and international standards and best practices has been established for the management of Enterprise Risk. The Enterprise Risk Management Policy comprised of:  Risk Identification;  Risk Assessment/Measurement;  Risk Treatment/Control;  Risk Monitoring and Review;  Risk Reporting; and  Risk Communication and Consultation.





### Data Protection

The Company is committed to ensuring full compliance with the Nigerian Data Protection Regulation, 2019 (NDPR) and has deployed requisite resources and mechanisms to ensure that the collection and processing of personal data from customers, suppliers, stakeholders as well as employees of the Company comply with the requirements of the NDPR. The Company's privacy policy can be found on its website.

### Statement of Compliance with the Codes of Corporate Governance

In compliance with Section 28.5 of the Nigerian Code of Corporate Governance and Section 34.7 of the Securities and Exchange Commission Code of Corporate Governance for Public Companies in Nigeria, the Board confirms compliance with the Codes as disclosed in this Annual Report and Accounts.

### Code of Business Conduct and Ethics

The Company has a code of business conduct and ethics for internal and external stakeholders. The Code ensures that all directors, officers and employees share commitment to conducting business with integrity and provides guidance on how to put this commitment into practice. The code, which has been communicated to all internal and external stakeholders, is applicable to the Board, senior management, other employees and third parties, particularly principles on human rights, labor related issues, environment, anti-bribery and corruption. The code was last reviewed in 2018.

**By Order of the Board**

Bello A. Abdullahi
Dikko & Mahmoud (Solicitors & Advocates)
FRC/2013/ NBA/00000002301
Company Secretary
29th March, 2021

# CORPORATE GOVERNANCE REPORT - continued

FOR THE YEAR ENDED 31 DECEMBER 2020

## THE BOARD OF DIRECTORS' ATTENDANCE

In accordance with Section 284 (2) of the Companies and Allied Matters Act 2020 and the Nigerian Code of Corporate Governance 2018, the record of Director's attendance of meetings held during the year 2020 are detailed below:

### Board Meetings

The Board met six (6) times during the 2020 financial year. The meetings were held on 30th January, 27th March, 4th May, 29th June, 29th July and 28th October.

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. Sholagbade Olukayode Alabi | Non-Executive Director | 6 | 6 |
| Mr. Tajudeen Muyisola Shobayo | Non-Executive Director | 6 | 6 |
| Mr. Olumuyiwa Augustus Olumekun | Executive Director | 6 | 6 |
| Prince Saheed LasisiExecutive | Director | 6 | 6 |
| Mrs. Abimbola Adunola Adebakin | Independent Non-Executive Director | 6 | 6 |

### 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:

The Board Committees make appropriate recommendations for approval by the full Board. The Committees are as follows:

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

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### Risk 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 Group'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 controls and management of risk.
4. Review the Group'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 Group's compliance with international standards of risk and safety quality.
7. Authorize the internal auditor to carry out investigation into any activities of Management/Group 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 Group's internal and external auditors.
10. Determine the efficiency and effectiveness of administrative operating and accounting controls used by the Group.
11. Establish and periodically review a code of conduct and monitor the ethical behaviour of the Group and Management to ensure compliance.
12. Review the placement of the Group's insurance program and its alignment with the Group'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 Group.
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 the 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.
7. 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.
8. Review with Management and Company Secretary the Company system of governance.
9. 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.
10. Review the Group's annual disclosure of its corporate governance practices pursuant to applicable legislative rules and industry specific standards and practices.
11. Perform any other activities consistent with its responsibilities and duties as the Committee or the Board of Directors deems necessary or appropriate.
12. Oversees compliance of all the Committees with the Group's corporate governance policies and standards.
13. 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 Group 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 Group expects of its Directors.
14. 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 Group and meeting its business objectives.
15. Ensure that succession policy and plan exist for the positions of Chairman and the subsidiary managing directors for Group companies.
16. Review the performance and effectiveness of the subsidiary company Boards on an annual basis where applicable.





### Governance and Remuneration Committee-continued

17. 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.
18. The succession planning policy may include the following:
    a. Key competencies - specific minimum qualifications and experience and the process for determining current and emerging competency requirements;
    b. Identification of the talent pool/possible successors;
    c. Areas of improvement of the alternatives and the required training/skill needed.
    d. Transition guidelines.
19. Conducting evaluation and competency on the appointment of Non-Executive Directors.
20. Making recommendation on the appointment, remuneration and promotion of Executive Directors and senior Management.
21. Setting and reviewing the effectiveness of the remuneration policies, Management succession plan, human resources and practices of the Group;
22. 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;
23. Setting and reviewing, as appropriate, the terms of employment contracts for the personnel referred to above;
24. Setting and reviewing the terms of the Group's short and long term incentive plans including any share option plans for employees and Directors;
25. 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;
26. Ensuring that the Group's remuneration policies and practices support the successful recruitment, development and retention of Executive Directors and Senior Management Team.
27. Reviewing from time to time the Senior Executive Team and the appropriateness of succession planning policies which are in place.
28. Defines the process for determining levels of remuneration and the frequency of review;
29. Provides how and to what extent Executive Directors' reward should be linked to corporate and individual performance.
30. Provide input to the annual report of the Group in respect of Directors' compensation;
31. 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 Group'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 Group
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 Group 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 Group;
10. Evaluating the long-term productivity of the Group's operations.
11. Review operating budgets of the Group. Review financial performance of the Group and compare performance to budgets and goals.
12. Tracking/monitoring/accountability for funds by the Executives.
13. Ensure adequate financial controls.
14. Recommend approval of capital expenditures, specific projects and their financing within the overall plan approved by the Board.
15. Require and monitor correction actions to bring the Company into compliance with its budgets and other financial targets.
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 Group and its subsidiaries.
17. Provide input from the Board to Management in the development of the Group's strategic plan;
18. Serve as a resource in assisting Management in the development of the Group's strategic plan;
19. Act in an advisory capacity in assessing the strategies and action plans designed to meet the Group's strategic objectives; and
20. Serve as representatives of the Board in evaluating the Group's strategic planning process.
21. Consider any other matters referred to it by the Board.

### MEETINGS HELD BY COMMITTEES

Risk and Compliance Committee met five (5) t imes during the 2020 financial year. The meetings were held on 5th March ,25th June, 17th September, 14th October and 14th December.

| Directors | Designation | Number of Meetings During Tenure | Number of Meetings Attended |
|---|---|---|---|
| Engr. Mohammed Gambo Umar mni | Chairman (Non-Executive Director) | 5 | 5 |
| Mrs. Olatokunbo Adenike Fagbemi | Group Managing Director/ CEO | 5 | 5 |
| Engr. Solagbade Olukayode Alabi | Non-Executive Director | 5 | 5 |
| Mrs. Abimbola Adunola Adebakin | Non-Executive Director | 5 | 5 |





Governance Committee met six (6) times during the 2020 financial year, the meetings were held on the 4th March, 23rd June, 14th July, 14 September, 27 November and 9th December

| Directors | Designation | Number of Meetings During Tenure | Number of Meetings Attended |
|---|---|---|---|
| Mr. Akinwumi Godson Fanimokun | Chairman (Non-Executive Director) | 6 | 6 |
| Sir Sunday Nnamdi Nwosu, KSS | Non-Executive Director | 6 | 6 |
| Mr. Tajudeen Moyosola Shobayo | Non-Executive Director | 6 | 6 |
| Engr. Solagbade Olukayode Alabi | Non-Executive Director | 6 | 6 |

Finance and General Purposes Committee met eight (8) times during the 2020 financial year. The meetings were held 25th January, 19th March, 27th April, 18th May, 16th June, 21st July, 21st October and 7th December

| Directors | Designation | Number of Meetings During Tenure | Number of Meetings Attended |
|---|---|---|---|
| Mr. Tajudeen Moyosola Shobayo | Chairman (Non-Executive Director) | 8 | 8 |
| 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 | 8 | 8 |
| Mrs. Abimbola Adunola Adebakin | Non-Executive Director | 7 | 7 |

### The Audit Committee

The Audit Committee was composed of six members made up of three representatives of the Shareholders elected at the 2019 Annual General meeting held on 16th July 2020 for a tenure of one year till the conclusion of the 2021 Annual General Meeting; and three representatives of the Board of Directors nominated by the Board.

The terms of reference include as provided in section 407 of the Companies and Allied Matters Act CAP 2020.

1. Ascertains whether the accounting and reporting policies of the Group 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 Group's system of accounting and internal controls;
5. Makes recommendations to the Board regarding the appointment, removal and remuneration of the external auditors of the Group; and
6. Authorises the internal auditor to carry out investigations into any activities of the Group which may be of interest or concern to the Committee.

**Audit Committee** met seven (7) times during the 2020 financial year. The meetings were held on 22nd January, 18th March, 23rd March, 18th May, 19th June, 22nd July and 20th October.

| Directors | Designation | Number of Meetings During Tenure | Number of Meetings Attended |
|---|---|---|---|
| Dr. Okpan Awa Erem | Chairman | 7 | 7 |
| Mr. Mohammed GamboFagge | Member | 7 | 7 |
| Mrs. Adebisi Oluwayemisi Bakare | Member | 7 | 7 |
| Sir Sunday Nnamdi Nwosu, KSS | Non-Executive Director | 7 | 7 |
| Mr. Taofeeq Oluwatoyin Salman | Non-Executive Director | 7 | 7 |
| Engr. Mohammed Gambo Umar, mni | Non-Executive Director | 7 | 7 |



## SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY REPORT

### Sustainability Report

Nigerian Aviation Handling Company Plc (NAHCO Plc), being the leading ground handling Company in Nigeria, is poised to sustain its business practice in a way that its contributions to the overall goal of the aviation industry will be positively impactful.
Part of our contributions to the sustainable development of the environment where we operate is by ensuring it is clean, habitable and devoid of harmful radiations, providing comfortable offices to staff and government agencies operating within our facilities.
We have also set sight on providing solid and long- term initiatives that will engender sustainable delivery of high- quality services in the most cost- efficient manner, therefore creating better values for our shareholders, clients, staff and the environment where we operate.

NAHCO Plc has strengthened it Quality Assurance, Health Safety and Governance and Stakeholders' Relations, as well as the Risk and Investors' Relations departments to rise to the global challenge of sustainability to enhance new opportunities and growth for our business concerns and the economic, environmental and social impacts caused by our everyday activities.

The year 2020 was unique in every aspect as the Covid-19 pandemic which hit the world, grounded the aviation industry and changed the way we operate.
The industry's protocols on Covid-19 involves the use of more Personal Protective Equipment (PPE), such as sanitizers, hand gloves, ear muff and nose masks- The cost didn't come easy however.

Our Health and Safety procedures, covering cargo handling, ramp handling, passenger services and other operational areas are coordinated by a well- structured Health and Safety Department, and it is committed to a sound health and safety measures as well as implementing effective strategies for the protection of personnel, assets and environment likely to be affected by our operations and processes. Our processes also ensure compliance with the standards, recommended practices and procedures of the Nigerian Civil Aviation Authority (NCAA) and client airlines.

We conducted an online training on Covid-19 protocols, prevention and management for all our over 1900 staff members, printed sensitization materials, enforced the use of facemask, washing of hands and observing all the protocols. Several editions of our in-house digital bulletins were dedicated to issues regarding Covid-19, even as most of our staff had to work from home in obedience of government's directives on Covid-19
Our warehouses, as well as the crew buses were marked for spacing as stipulated. We also partnered a biosecurity company to provide aircraft disinfection service- the first of such in the country.

An emergency rescue team, made up of representatives from Health and Safety, Quality Assurance and Security departments, was put in place for effective coordination of the activities, especially concerning handling of Covid-19 items being imported through our client airlines.

Beside upgrading our accounting, operations and payment platform, which has helped in reducing the use of paper, the recently procured and deployed state-of-the-arts- Ground Support Equipment (GSE) aided a reduction in leakage and noise levels, and are environmentally friendly.

We have remodeled our office Complex housing the airlines and agents by creating a more serene and conducive environment for our stakeholders to operate.



### Corporate Social Responsibility Report

The year 2020 was dominated with the Covid-19 challenges, ranging from shutdown to no flights as well as curfews.

NAHCO Plc chose to direct all its Corporate Social Responsibility Initiatives towards fighting the pandemic. We partnered with the Federal and Lagos State Governments, as well as the Federal Airports Authority of Nigeria (FAAN)

In line with that, and in supporting the Federal Government in the Covid-19 fight, we provided free handling for the Federal Government's Covid-19 shipments into Nigeria, as well as Jack Ma's donations.

We also donated medical equipment worth N3million towards Covid-19 to the Lagos State Government. The Governor, Mr. Babajide Sanwoolu, sent us a letter of appreciation, commending NAHCO for the kind gesture.

Finally, we supported the Federal Airports Authority of Nigeria, FAAN in the Covid-19 battle by providing and funding the installation of a hand washing machine for use at the Hajj and Cargo gate of the Murtala Muhammed International Airport, Lagos

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2020

The Companies and Allied Matters Act 2020, 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 International Financial Reporting Standards and the provisions of the Companies and Allied Matters Act ,2020 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 and the provisions of the Companies and Allied Matters Act 2020 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 and of its profit for the year ended 31 December 2020. 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

29th March, 2021



# REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER 2020

In accordance with the provision of Section 404 of the Companies and Allied Matters Act, 2020 , members of the Audit Committee of Nigerian Aviation Handling Company Plc report as follows:

We have exercised our statutory functions under section 404 of the Companies and Allied Matter Act, 2020 , 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
Chairman
Audit Committee
FRC/ 2014 / NIM/ 0000 000866 3

29th March, 2021

MEMBERS OF THE AUDIT COMMITTEE

| | |
|---|---|
| Dr. Okpan Awa Erem - | Chairman |
| Mr. Mohammed Gambo Fagge - | Shareholders Representative |
| Mrs. Adebisi OluwayemisiBakare | 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 |

# GROUP EXECUTIVE COMMITTEE

**Olatokunbo Fagbemi**
GMD/CEO

**Muyiwa Olumekun**
Executive Director,Corporate Services

**Saheed Lasisi**
Executive Director,
Business Development & Commercial

**Adeoye Emiloju**
Chief Financial Officer

**Abiodun Oyebade**
Head Of Operations



# CERTIFICATE OF ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

### Certification Pursuant to Section 405(1) of Companies and Allied Matter Act, 2020

We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended 31 December 2020 that:

a. We have reviewed the report;
To the best of our knowledge, the report does not contain:
- Any untrue statement of a material fact, or
- Omit to state a material fact, which would make the statements misleading in the light of circumstances under which such statements were made;

b. To the best of our knowledge, the financial statement and other financial information included in this report fairly present in all material respects the financial condition and results of operation of the company as of, and for the periods presented in this report.

c. We:
- are responsible for establishing and maintaining internal controls.
- have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
- have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
- have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

d. We have disclosed to the auditors of the Group and Audit Committee:
- All significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
- Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

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

Mr. Adeoye Emiloju
Chief Financial Officer
FRC/ 2019/ ICAN/ 00000019815

# INDEPENDENT AUDITOR'S 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 consolidated and separate financial statements of Nigerian Aviation Handling Company Plc ("the Company) and its subsidiaries (together 'the Group'') which comprise the consolidated and separate statements of financial position as at 31 December 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and the Company as at 31 December 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 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 and the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. 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, 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 Auditors' 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 matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.





The Key Audit Matters applies equally to the audit of the consolidated and separate financial statements.

| Key Audit Matter | How the matter was addressed in the audit |
|---|---|
| Determination of allowance for expected credit loss on trade receivables | We obtained management's model for the computation of expected credit loss on trade receivable and performed the following procedures: |
| The Group had in its books as at 31 December 2020 gross trade receivables amounting to N2.14 billion with allowance for expected credit loss of N844 million. The allowance for expected credit loss represents 39% of the gross trade receivable balance. | - analyzed the segmentation of the portfolio provided by management and ensured they applied the shared risk characteristics. |
| The Group continues to grapple with uncertainty over the collectability of contract receivables from specific customers. This condition became heightened by the impact of COVID 19 pandemic on the aviation industry which led to closure of Airports and flight suspension/ cancellation - a development that severely affected the Airlines that constitute a significant part of the Group's customers. | - recomputed the payment profile of customers for sales recorded during the year and reviewed the bad debts in the year written off (deemed losses).<br>- challenged the loss rates to ensure that the calculation reflects the probability weighted outcome, |
| 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. The ECL model also requires judgment in the estimation of the amount and timing of future cash flows and assessment of a significant increase in credit risk. | - tested the historical accuracy of the model by assessing the historical projections versus actual losses. |
| We considered this a Key Audit Matter due to the materiality of the amounts involved and the high level of management judgement required. | - challenged the scalar adjustment multiplier to determine if they were appropriate. |
| The Group's accounting policy on impairment of trade receivables and related ECL disclosures are shown in Notes 2(d), 3(f) and 31 respectively. | |

*Other Information*

The Directors are responsible for the other information. The other information comprises the Report of the Directors, Audit Committee's Report and Other National Disclosures. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.
Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Consolidated and Separate Financial Statements*

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

*Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

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

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

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





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

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate 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 and/or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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.

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Nigerian Aviation Handling Company Plc

Report on the Audit of the Consolidated and Separate Financial Statements - continued

EY
Building a better working world

*Report on Other Legal and Regulatory Requirements*

In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the group and company, in so far as it appears from our examination of those books;
- The consolidated and separate statements of financial position and the consolidated and separate statements of profit or loss and other comprehensive income are in agreement with the books of account; and
- in our opinion, the consolidated and separate financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act, 2020 so as to give a true and fair view of the state of affairs and financial performance of the Company and its subsidiaries.

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

0575350

31st March, 2021



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

FOR THE YEAR ENDED 31 DECEMBER 2020

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Notes | 2020 ₦'000 | 2019 ₦'000 | 2020 ₦'000 | 2019 ₦'000 |
| Revenue | 5 | 7,126, 121 | 9,996,145 | 6,779,005 | 9,570,197 |
| Operating costs | 9a | (4,823,65 3) | (6,690,870 ) | (4,691,972 ) | (6,566,886) |
| Gross profit | | 2,302,4 68 | 3,305,275 | 2,087,033 | 3,003,311 |
| Other income | 6 | 581,267 | 245,032 | 531,545 | 237,866 |
| Administrative expenses | 9b | (2,367,740 ) | (2,406,234) | (2,185,736 ) | (2,357,386) |
| Expected credit losses(expense)/write-back | 9c | (37,90 5) | 323,673 | 1,884 | 288,334 |
| Profit from operations | | 478,090 | 1,467,746 | 434,726 | 1,172,125 |
| Finance costs | 7 | (203,464) | (300,319) | (191,737 ) | (299,889) |
| Finance income | 7 | 86,653 | 173,076 | 86,653 | 167,878 |
| Profit before tax | | 361,279 | 1,340,503 | 329,642 | 1,040,114 |
| Income tax expense | 8(a) | (59,148 ) | (623,304 ) | (37,820 ) | (603,746) |
| Profit for the year | | 302,131 | 717,199 | 291,822 | 436,368 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income for the year, net of tax | | 302,131 | 717,199 | 291,822 | 436,368 |
| Attributable to: | | | | | |
| Profit attributable to equity holders of the parent | | 291,504 | 710,313 | 291,822 | 436,368 |
| Non-controlling interest | 27 | 10,627 | 6,886 | - | - |
| | | 302,131 | 717,199 | 291,822 | 436,368 |
| Earnings per share: | | | | | |
| Basic/diluted earnings per share (Kobo) | 10 | 18 | 44 | 18 | 27 |

# CONSOLIDATED AND SEPERATE STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | Group 2020 ₦'000 | Group 2019 ₦'000 | Company 2020 ₦'000 | Company 2019 ₦'000 |
|---|---|---|---|---|---|
| Assets | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 11 | 7,288, 358 | 6,704,71 4 | 7,132,440 | 6,514,282 |
| Right-of-use assets | 11a | 755,540 | 831,810 | 758,945 | 826,966 |
| Intangible assets | 12 | 131,174 | 148,225 | 36,787 | 54,603 |
| Investment property | 13 | 133,310 | 136,914 | 133,310 | 136,914 |
| Investment in subsidiaries | 14 | - | - | 39,500 | 39,500 |
| Total non-current assets | | 8,308,382 | 7,821,66 3 | 8,100,982 | 7,572,265 |
| Current assets | | | | | |
| Inventories | 18 | 270,74 7 | 284,791 | 270,74 7 | 284,791 |
| Trade and other receivables | 20 | 2,542,95 7 | 2,534,640 | 2,340,312 | 2,351,221 |
| Intercompany receivables | 21 | - | - | 613,664 | 582,758 |
| Other current assets | 17 | 532 | 7,866 | 532 | 7,866 |
| Prepayments | 19 | 1,309, 255 | 2,310,151 | 1,095,182 | 2,097,614 |
| Debt instruments at amortized costs | 22b | 485,032 | 187,168 | 485,032 | 187,168 |
| Cash and cash equivalents | 22 | 835,529 | 1,563,222 | 735,318 | 1,475,619 |
| Total current assets | | 5,444,052 | 6,887,838 | 5,540,78 7 | 6,987,037 |
| Total assets | | 13,752,4 34 | 14,709,50 1 | 13,641,769 | 14,559,302 |
| 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 | 3,836,380 | 4,032,142 | 3,872,548 | 4,067,992 |
| Total equity attributable to equity holders of the Company | | 6,563,247 | 6,759,009 | 6,599,415 | 6,794,859 |
| Non-controlling interests | 27 | (113,398) | (124,025) | - | - |
| Total equity | | 6,449,849 | 6,634,984 | 6,599,415 | 6,794,859 |
| Non-current liabilities | | | | | |
| Lease liabilities | 28a | 1,192,080 | 916,514 | 1,194,714 | 915,538 |
| Deferred tax liabilities | 8C | 805,416 | 1,075,790 | 804,267 | 1,073,428 |
| Total non-current liabilities | | 1,997,496 | 1,992,304 | 1,998,981 | 1,988,966 |



## CONSOLIDATED AND SEPERATE STATEMENTS OF FINANCIAL POSITION - continued

FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | Group 2020 ₦'000 | Group 2019 ₦'000 | Company 2020 ₦'000 | Company 2019 ₦'000 |
|---|---|---|---|---|---|
| Current liabilities | | | | | |
| Current tax liabilities | 8b | 782,670 | 508,921 | 745,803 | 486,933 |
| Trade and other payables | 29 | 4,412,166 | 4,901,277 | 4,225,110 | 4,662,333 |
| Lease liabilities | 28a | 53,195 | 161,780 | 51,402 | 160,076 |
| Deferred Income | 30 | 57,058 | 70,157 | 21,058 | 26,057 |
| Loans and borrowings | 28 | - | 440,078 | - | 440,078 |
| Total current liabilities | | 5,305,089 | 6,082, 213 | 5,043,373 | 5,775,477 |
| Total liabilities | | 7, 302,585 | 8,074,517 | 7, 042,354 | 7,764,443 |
| Total equity and liabilities | | 13,752,4 34 | 14,709,501 | 13,641,76 9 | 14,559,302 |

These financial statements were approved by the Board on 29th March, 2021 and were signed on its behalf by:

| | | |
|---|---|---|
| Dr. Seinde Oladapo Fadeni | Mrs. Olatokunbo Adenike Fagbemi | Mr. Adeoye Emiloju |
| Chairman | Group Managing Director/CEO | Chief Financial Officer |
| FRC/2019/NIM/00000019430 | FRC/2019/IODN/00000019114 | FRC/2019/ICAN/00000019815 |

July 2021

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

***FOR THE YEAR ENDED 31 DECEMBER 2020***

Attributable to the equity holders of the Parent

| 2020 | Share capital ₦'000 | Share premium ₦'000 | Retained earnings ₦'000 | Total ₦'000 | Non-Controlling interest ₦'000 | Total equity ₦'000 |
|---|---|---|---|---|---|---|
| At 1 January 2020 | 812,109 | 1,914,758 | 4,032,142 | 6,759,009 | (124,025) | 6,634,984 |
| Profit for the year | - | - | 291,504 | 291,504 | 10,627 | 302,131 |
| Other comprehensive income for the year | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | 291,504 | 291,504 | 10,627 | 302,131 |
| Dividend paid (Note 26c) | - | - | (487,266) | (487,266) | - | (487,266) |
| At 31 December 2020 | 812,109 | 1,914,758 | 3,836,380 | 6,563,247 | (113,398) | 6,449,849 |



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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 |
| 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 26c) | - | - | (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 |

## SEPARATE STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2020

Company

| | Share capital ₦'000 | Share premium ₦'000 | Retained earnings ₦'000 | Total ₦'000 |
|---|---|---|---|---|
| At 1 January 2020 | 812,109 | 1,914,758 | 4,067,992 | 6,794,859 |
| Profit for the year | - | - | 291,822 | 291,822 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | - | - | 291,822 | 291,822 |
| Dividend paid (Note 26c) | - | - | (487,266) | (487,266) |
| At 31 December 2020 | 812,109 | 1,914,758 | 3,872,548 | 6,599,415 |
| **2019** | **Share capital ₦'000** | **Retained premium ₦'000** | **earnings ₦'000** | **Total ₦'000** |
| 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 26c) | - | - | (406,055) | (406,055) |
| At 31 December 2019 | 812,109 | 1,914,758 | 4,067,992 | 6,794,859 |



## CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
## FOR THE YEAR ENDED 31 DECEMBER 2020

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Notes | 2020 ₦'000 | 2019 ₦'000 | 2020 ₦'000 | 2019 ₦'000 |
| Operating activities | | | | | |
| Profit before tax | | 361,279 | 1,340,503 | 329,642 | 1,040,114 |
| Adjustments to reconcile profit before tax to net cash flows: | | | | | |
| Depreciation of property, plant and equipment (PPE) | 11 | 901,788 | 831,296 | 872,504 | 696,049 |
| Depreciation of investment property | 13 | 3,604 | 6,394 | 3,604 | 6,394 |
| Amortization of intangible asset | 12 | 17,901 | 18,088 | 17,817 | 18,088 |
| Depreciation of right-of-use asset | 11a | 76,270 | 71,827 | 68,021 | 68,021 |
| Profit on disposal of PPE | 6 | (2,063) | (8,179) | (2,418) | (8,179) |
| Expected credit losses expenses/(write-back) | 9c | 37,905 | (323,673) | (1,884) | (288,334) |
| Unrealized exchange difference | 6a | (85,385) | 3,106 | (5,237) | 3,106 |
| Deferred rent released to profit or loss | 30 | (179,245) | (159,855) | (143,148) | (156,142) |
| Finance cost | 7 | 14,969 | 117,686 | 14,969 | 117,686 |
| Interest on Lease | 7 | 188,495 | 182,633 | 176,768 | 182,203 |
| Finance income | 7 | (86,653) | (173,076) | (86,653) | (167,878) |
| | | 1,248,865 | 1,906,750 | 1,243,985 | 1,511,128 |
| Working capital adjustments: | | | | | |
| Decrease/(increase) in inventories | | 14,044 | (28,604) | 14,044 | (28,604) |
| Decrease/(increase) in trade and other receivables | | 29,588 | (117,820) | 9,025 | (10,530) |
| (Increase) /decrease in intercompany receivables | | - | - | (30,906) | 615,165 |
| Decrease/ (increase) in prepayments | | 1,000,896 | (1,555,222) | 1,002,432 | (1,539,843) |
| (Decrease)/increase in trade and other payables | | (489,112) | 893,637 | (437,223) | 843,363 |
| Decrease in intercompany payable | | - | - | - | (316,999) |
| | | 1,804,281 | 1,098,741 | 1,801,357 | 1,073,680 |
| Taxation paid | 8(b) | (55,773) | (109,555) | (48,111) | (97,676) |
| Net cash flows from operating activities | | 1,748,508 | 989,186 | 1,753,246 | 976,004 |

## CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS – Continued
## FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | Group 2020 ₦'000 | Group 2019 ₦'000 | Company 2020 ₦'000 | Company 2019 ₦'000 |
|---|---|---|---|---|---|
| Investing activities | | | | | |
| Purchase of property, plant and equipment | 11 | (1,509,039 ) | (1,414,376) | (1,491,921) | (1,367,617) |
| Purchase of Intangible assets | 12 | (850) | - | - | - |
| Acquisition of investment properties | 13 | - | (11,441) | - | (11,441) |
| Investment in debt Instrument | 22b | (487,431 ) | (187,362) | (487,431 ) | (187,362) |
| Liquidation of debt instrument | 22b | 187, 168 | 124,191 | 187, 168 | 124,191 |
| Proceeds from disposal of property, plant and equipment | | 25,670 | 43,241 | 3,677 | 43,241 |
| Rent received | 30 | 166,146 | 126,468 | 138,149 | 105,691 |
| Outflow from bond repayment fund | 17 | (448,060) | (489,690) | (448,060) | (489,690) |
| Inflow from bond repayment fund | 17 | 444,564 | 447,391 | 444,564 | 447,391 |
| Interest received | 7 | 86,653 | 173,076 | 86,653 | 167,878 |
| Net cash outflows used in investing activities | | (1,535,179) | (1,188,502) | (1,567,201 ) | (1,167,718 ) |
| Financing activities | | | | | |
| Repayment of bond | 28 | (437,372 ) | (375,846) | (437,372 ) | (375,846) |
| Finance cost | 28 | (10,688) | (113,844) | (10,688) | (113,844) |
| Payment of interest on lease | 28a | (4,303) | (6,486) | (1,420) | (5,726) |
| Payment of lease liability | 28a | (17,211) | (25,941 ) | (4,846) | (20,301) |
| Dividends paid | 26c | (487,266) | (406,055) | (487,266) | (406,055) |
| Net cash flows used in financing activities | | (956,840) | (928,172) | (941,592) | (921,772) |
| Net decrease in cash and cash equivalents | | (743,511) | (1,127,488) | (755,547) | (1,113,486) |
| Cash and cash equivalents at 1 January | | 1,579,281 | 2,706,769 | 1,491,068 | 2,604,554 |
| Cash and cash equivalents at 31 December | 22 | 835,770 | 1,579,281 | 735,521 | 1,491,068 |



# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020 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 authorized for issue by the directors on 29 March 2021

(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 the consolidated and separate financial statements is 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.





## 2. Basis of preparation – Continued

### (d) Use of estimates and judgments – Continued

#### 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 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.

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.

2. Basis of preparation – Continued

(d) Use of estimates and judgments – Continued

Impairment of non-financial assets- Continued

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.

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 2020. 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

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

i) Classification of non-derivative 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

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.

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.

## 3. Significant accounting policies – Continued

### Impairment of financial asset
### (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 a n d increase in leverage.

### 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.

### (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.





## 3. Significant accounting policies – Continued

### (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.

### (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.

### (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 with 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.

(l) Revenue from customers from contract- Continued

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.

(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.





3. Significant accounting policies – Continued

(0) Fair value measurement - Continued

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.

(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 Leases

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

3. Significant accounting policies – Continued

Policy on Leases- continued

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.

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.

(r) Government Grant

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the profit or loss over the expected useful life in a pattern





3. Significant accounting policies – Continued

(r) Government Grant- Continued

of consumption of the benefit of the underlying asset by equal annual instalments.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

4. Changes in accounting policies and disclosures

4a. Standards and interpretations issued and effective

**Amendments to IFRS 3: Definition of a Business**

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

**Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform**

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark- based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

**Amendments to IAS 1 and IAS 8 Definition of Material**

The amendments provide a new definition of material that states, 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 clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

**Conceptual Framework for Financial Reporting issued on 29 March 2018**

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.





4. Changes in accounting policies and disclosures- Continued

4a. Standards and interpretations issued and effective- Continued

**Amendments to IFRS 16 COVID-19 Related Rent Concessions**

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group

4b. Standards and interpretations issued not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 January 2021or later periods:

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

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the

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

parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more

4. Changes in accounting policies and disclosures- Continued

4b. Standards and interpretations issued not yet effective IFRS 17 Insurance Contracts- Continued

useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

A specific adaptation for contracts with direct participation features (the variable fee approach)

A simplified approach (the premium allocation approach) mainly for short-duration contracts IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, 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. This standard is not applicable to the Group

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB 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 .

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework IV Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential day 2 gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a material impact on the Group.

Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary





4. Changes in accounting policies and disclosures- Continued

4b. Standards and interpretations issued not yet effective

Reference to the Conceptual Framework IV Amendments to IFRS 3 - Continued

for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments are not expected to have a material impact on the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter-continued apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments is not applicable to the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

## 4. Changes in accounting policies and disclosures
## 4b. Standards and interpretations not yet effective- Continued

### Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

On 27 August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred. Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognised. If they are not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognised in profit or loss.

The practical expedient is required for entities applying IFRS 4 that are using the exemption from IFRS 9 (and, therefore, apply IAS 39) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

### Relief from discontinuing hedging relationships

The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Permitted changes include redefining the hedged risk to reference an RFR and redefining the description of the hedging instruments and/or the hedged items to reflect the RFR. Entities are allowed until the end of the reporting period, during which a modification required by IBOR reform is made, to complete the changes. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 and IAS 39 to measure and recognise hedge ineffectiveness.

Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR. The cash flow hedge reserve is released to profit or loss in the same period or periods in which the hedged cash flows based on the RFR affect profit or loss.

For the IAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero. This relief applies when the exception to the retrospective assessment ends.

The amendments provide relief for items within a designated Company of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued. As items within the hedged Group transition at different times from IBORs to RFRs, they will be transferred to sub-Group's of instruments that reference RFRs as the hedged risk.

As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR





## 4. Changes in accounting policies and disclosures
## 4b. Standards and interpretations not yet effective- Continued
### Relief from discontinuing hedging relationships- Continued

reform. The phase two reliefs cease to apply once all changes have been made to financial instruments and hedging relationships, as required by IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. The relief allows entities upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months.

IFRS 7 Financial Instruments: Disclosures includes the following:

How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform

Disaggregated by each significant IBOR benchmark, quantitative information about financial instruments that have yet to transition to RFRs

If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes

Effective for annual periods beginning on or after 1 January 2021

## 5. Revenue

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

| Revenue from Contracts with Customer | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 ₦'000 | Dec-19 ₦'000 | Dec-20 ₦'000 | Dec-19 ₦'000 |
| Passenger/a ircraft handling | 2,560,313 | 5,351,383 | 2,560,313 | 5,371,696 |
| Cargo handling (Import Cargo) | 3,444,231 | 3,608,990 | 3,254,738 | 3,424,970 |
| Cargo handling (Export Cargo) | 397,484 | 348,635 | 397,484 | 348,635 |
| | 6,402,028 | 9,309,008 | 6,212,535 | 9,145,301 |
| Revenue other than from contracts with customers Leasing | 353,695 | 262,241 | 196,072 | - |
| Equipment rental and maintenance | 370,398 | 424,896 | 370,398 | 424,896 |
| | 724,093 | 687,137 | 566,470 | 424,896 |
| Total revenue | 7,126,121 | 9,996,145 | 6,779,005 | 9,570,197 |

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

Cargo Handling: These include i nvoices 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 computeri sation system, which en sures 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: The company is into the leasing of properties and heavy -duty equipment to different Airline companies

**b.** Ten major customer s contributed ₦2.33billion (2019: ₦5.86billion) towards the revenue of the G roup.





## 6. Other income

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 ₦'000 | Dec-19 ₦'000 | Dec-20 ₦'000 | Dec-19 ₦'000 |
| Rental income from investment property (Note 30) | 179,245 | 159,855 | 143,148 | 156,142 |
| Sundry income** | 160,199 | 79,002 | 146,396 | 75,549 |
| Foreign exchange difference | 156,180 | (3,106) | 156,003 | (3,106)) |
| Profit on disposal of property, plant and equipment | 2,063 | 8,179 | 2,418 | 8,179 |
| Income from training services | 1,000 | 1,102 | 1,000 | 1,102 |
| Invoice price variance | 6,513 | - | 6,513 | - |
| Grants* | 76,067 | - | 76,067 | - |
| | 581,267 | 245,032 | 531,545 | 237,866 |

*This is the financial supports received by the Group from the Federal Government of Nigeria during the year to cushion the impact of COVD-19 on the Group's operation.

** Sundry income relates to commission received, agents' registration fees and insurance claims

## 7. Finance income and expense calculated using effective interest method

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 ₦'000 | Dec-19 ₦'000 | Dec-20 ₦'000 | Dec-19 ₦'000 |
| Finance income: | | | | |
| Interest income on bond reserve (Note 17) | 3,149 | 12,666 | 3,149 | 12,666 |
| Interest income on debt instrume | 48,377 | 51,357 | 48,377 | 51,357 |
| Interest income on fixed & bank deposits | 35,127 | 109,053 | 35,127 | 103,855 |
| | 86,653 | 173,076 | 86,653 | 167,878 |
| Interest expense on financial liabilities measured at amortised cost | | | | |
| Interest on bond (Note 28) | 7,982 | 114,335 | 7,982 | 114,335 |
| Other bond charges (Note 17) | 6,987 | 3,351 | 6,987 | 3,351 |
| Interest cost on lease liabilities(note 28a) | 188,495 | 182,633 | 176,768 | 182,203 |
| Finance costs | 203,464 | 300,319 | 191,737 | 299,889 |
| Net finance costs | (116,811) | (127,243) | (105,084) | (132,011) |

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.



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS – Continued

## 8. Taxation

(a) The tax charge for the period comprises:

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 ₦'000 | Dec-19 ₦'000 | Dec-20 ₦'000 | Dec-19 ₦'000 |
| Company income tax | 145,315 | 198,638 | 124,424 | 180,813 |
| Education tax | 26,465 | 33,979 | 24,815 | 32,620 |
| Prior year under provision | 157,742 | 30,558 | 157,742 | 30,558 |
| | 329,522 | 263,175 | 306,981 | 243,991 |
| Deferred tax (Note 8c) | (270,374) | 360,129 | (269,161) | 359,755 |
| | 59,148 | 623,304 | 37,820 | 603,746 |

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

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 ₦'000 | Dec-19 ₦'000 | Dec-20 ₦'000 | Dec-19 ₦'000 |
| At 1 January | 508,921 | 355,301 | 486,933 | 340,618 |
| Charge for the year (Note 8a) | 329,522 | 263,175 | 306,981 | 243,991 |
| Payments made during the year | (55,773) | (109,555) | (48,111) | (97,676) |
| At 31 December | 782,670 | 508,921 | 745,803 | 486,933 |

Reconciliation between tax expense and the product of accounting profit for the year ended 31 December 2020 is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 ₦'000 | 2019 ₦'000 | 2020 ₦'000 | 2019 ₦'000 |
| Accounting profit before income tax | 361,279 | 1,340,503 | 329,642 | 1,040,114 |
| At Nigeria's statutory income tax rate of 30% (2019: 30%) | 108,383 | 402,151 | 98,892 | 312,034 |
| Education tax | 26,465 | 33,97 9 | 24,816 | 32,620 |
| Balancing charge | 1,071 | - | 1,071 | - |
| Non-deductible expenses | 304,006 | 286,494 | 288,583 | 281,622 |
| Non-taxable income | (15,417) | (104,361) | (15,238) | (104,361) |
| Under provision in the previous year | 157,742 | 30,558 | 157,742 | 30,558 |
| Capital Allowance unabsorbed | (523,102) | 49,084 | (518,046) | 51,273 |
| Income tax expense reported in the profit or loss | 59,148 | 623,304 | 37,820 | 603,746 |
| Effective tax rate (%) | 16 | 57 | 11 | 58 |

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

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 ₦'000 | Dec-19 ₦'000 | Dec-20 ₦'000 | Dec-19 ₦'000 |
| At 1 January | 1,075,790 | 715,661 | 1,073,428 | 713,673 |
| (Credit)/charge for the year | (270,374) | 360,129 | (269,161) | 359,755 |
| At 31 December | 805,416 | 1,075,790 | 804,267 | 1,073,428 |





## 8. Taxation- continued

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

Group

| | Statement of Financial Position | | Statement of Comprehensive Income | |
|---|---|---|---|---|
| | 2020 ₦'000 | 2019 ₦'000 | 2020 ₦'000 | 2019 ₦'000 |
| Property, plant and equipment | 1,672,018 | 1,333,722 | 338,296 | (220,685) |
| Unrealised exchange loss | 178 | (931) | 1,109 | (931) |
| Capital Allowance unutilised | (256,063) | - | (256,063) | 502,921 |
| Financial asset impairment | (610,717) | (257,0 01) | (353,716) | 78,824 |
| Deferred tax expense | | | (270,374) | 360,129 |
| Deferred tax liabilities | 805,416 | 1,075,790 | | |

Company

| | Statement of Financial Position | | Statement of Comprehensive Income | |
|---|---|---|---|---|
| | 2020 ₦'000 | 2019 ₦'000 | 2020 ₦'000 | 2019 ₦'000 |
| Property, plant and equipment | 1,667,334 | 1,328,139 | 339,195 | (223,482) |
| Unrealised exchange gain loss | - | (931) | 931 | (931) |
| Capital Allowance absorbed | (610,515) | - | (610,515) | 502,745 |
| Impairment on financial assets | (252,552) | (253,780) | 1,228 | 81,423 |
| Deferred tax expense | | | (269,161) | 359,755 |
| Deferred tax liabilities | 804,267 | 1,073,428 | | |

## 9a. Operating costs

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 ₦'000 | Dec-19 ₦'000 | Dec-20 ₦'000 | Dec-19 ₦'000 |
| Payroll | 2,892, 447 | 3,270, 214 | 2,873,975 | 3,251,556 |
| Local travels | 3,519 | 47,635 | 1,031 | 45,878 |
| Depreciation, amortization(Note 9d) | 876,245 | 834,350 | 863,962 | 724,325 |
| Diesel, oil, motor repairs & fuel expenses | 99,430 | 245,890 | 99,430 | 245,678 |
| Trainings (internal & external) | 30,514 | 463,610 | 30,274 | 461,640 |
| Outstation & estacode allowance | 2,274 | 510,882 | 1,940 | 509,003 |
| Air ticket (local & foreign) | 12,979 | 53,176 | 8,615 | 53,176 |
| Other security expenses | 6,207 | 57,746 | 6,207 | 50,408 |
| Machineries & equipment spares | 120,801 | 194,083 | 120,801 | 194,083 |
| Boots, helmets, ear muff & co. | 4,712 | 6,789 | 2,356 | 6,789 |
| Computer consumables & network exp. | 60,068 | 85,670 | 60,068 | 85,670 |
| Electricity | 55,003 | 62,341 | 55,003 | 61,876 |
| Insurance | 85,700 | 123,786 | 85,637 | 123,465 |
| Printing & stationeries | 12,284 | 5,670 | 8,567 | 5,670 |
| Subscriptions | 12,336 | 48,055 | 12,265 | 48,055 |
| Relocation expenses (staff & equipment) | 14,650 | 41,632 | 14,650 | 41,632 |
| Office & warehouse maintenance | 24,468 | 77,107 | 24,468 | 77,107 |
| Airlines surcharge | 1,510 | 11,391 | 1,510 | 11,391 |
| Bank charges | 19,732 | 19,456 | 18,534 | 19,158 |
| Office expenses | 8,498 | 76,565 | 2,254 | 76,565 |
| Freights | 6,923 | 12,321 | 6,923 | 11,254 |
| Concession expenses | 357,485 | 377,800 | 357,485 | 377,800 |
| Maintenance | 6,083 | 12,469 | 6,083 | 12,457 |
| Other operating costs** | 109,785 | 52,232 | 29,934 | 72,250 |
| | 4,823,65 3 | 6,690,870 | 4,691,972 | 6,566,886 |

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





## 9b. Administrative expenses;

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 ₦'000 | Dec-19 ₦'000 | Dec-20 ₦'000 | Dec-19 ₦'000 |
| Payroll costs | 1,060,250 | 1,071,026 | 972,134 | 1,065,232 |
| Directors remuneration | 36,000 | 36,000 | 36,000 | 36,000 |
| Board expenses | 234,873 | 179,798 | 232,385 | 170,178 |
| Local travels | 3,353 | 24,187 | 271 | 23,098 |
| Depreciation/amortization (Note 9d) | 123,318 | 93,255 | 97,984 | 64,227 |
| Diesel, oil motor repairs & fuel expenses | 22,317 | 12,479 | 21,861 | 11,285 |
| Trainings (internal & external) | 21,885 | 44,568 | 21,825 | 44,401 |
| Outstation & estacode | 13,816 | 47,704 | 13,816 | 47,704 |
| Hotel accommodation | 27,087 | 35,680 | 27,087 | 35,680 |
| Air ticket (local & foreign) | 17,523 | 35,678 | 17,523 | 35,678 |
| Outsourced security | 50,649 | 46,989 | 49,114 | 46,989 |
| Other security expenses | 13,233 | 26,502 | 12,987 | 26,273 |
| Machineries & equipment spares | 35,770 | 7,809 | 35,770 | 7,809 |
| Boots, Helmets, ear muff & co. | 47,196 | 13,154 | 45,547 | 12,345 |
| Computer consumables & network exps. | 48,787 | 57,682 | 48,533 | 56,938 |
| Electricity | 13,000 | 22,270 | 13,000 | 22,270 |
| Insurance | 17,578 | 15,726 | 16,682 | 15,552 |
| Printing & stationeries | 38,351 | 19,980 | 38,146 | 19,980 |
| Audit fees | 18,000 | 14,000 | 14,000 | 14,000 |
| Office & warehouse maintenance | 22,906 | 23,890 | 22,607 | 23,890 |
| Filling, company secretariat Fees | 5,221 | 4,500 | 5,221 | 4,500 |
| Advertisement | 13,041 | 10,319 | 13,041 | 10,319 |
| Corporate social responsibility & Corporate gifts | 46,765 | 47,840 | 46,765 | 47,840 |
| Public relations, business promotion & Business dev. exp . | 104,158 | 45,321 | 98,526 | 45,321 |
| Subscriptions | 28,440 | 5,484 | 27,083 | 5,484 |
| Professional fees ** | 188,801 | 242,591 | 188,427 | 242,591 |
| Other administrative expenses *** | 115,422 | 221,802 | 69,401 | 221,802 |
| | 2,367,740 | 2,406,234 | 2,185,736 | 2,357,386 |

*** Other administrative expenses consist of security services etc.

** Professional fees are analyzed as follows;

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 ₦'000 | Dec-19 ₦'000 | Dec-20 ₦'000 | Dec-19 ₦'000 |
| Consulting fees | 151,576 | 186,005 | 151,202 | 186,005 |
| Registrar's fees | 7,396 | 4,500 | 7,396 | 4,500 |
| Legal fees | 26,303 | 46,478 | 26,303 | 46,478 |
| Accounting fees | 3,526 | 5,608 | 3,526 | 5,608 |
| | 188,801 | 242,591 | 188,427 | 242,591 |

9c. Expected credit losses/write-back

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 | Dec-19 | Dec-20 | Dec-19 |
| | N ='000 | ₦'000 | ₦'000 | ₦'000 |
| Expected credit losses expenses (write-back) on trade receivable (Note 31) | 51,518 | (330,277) | 43,178 | (334,727) |
| Expected credit loss (write-back)/expenses on intercompany (Note 21a) | - | - | (32,021) | 40,397 |
| Expected credit losses(write-back)/expenses on short term deposit (Note 22a) | (15,818) | 8,211 | (15,246) | 7,603 |
| Expected credit losses expenses/ (write-back) treasury bill (Note 22c) | 2,205 | (1,607) | 2,205 | (1,607) |
| | 37,90 5 | (323,673) | (1,884) | (288,334) |

9d. Depreciation and Amortization

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 | Dec-19 | Dec-20 | Dec-19 |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Depreciation of property, plant and equipment (Note 11) | 901,788 | 831,296 | 872, 504 | 696,049 |
| Amortisation of intangible assets (Note 12) | 17, 901 | 18,088 | 17,81 6 | 18,088 |
| Depreciation of investment property (Note 13) | 3,604 | 6,394 | 3,604 | 6,394 |
| Depreciation of right-of-use asset (Note 11a) | 76,270 | 71,827 | 68,021 | 68,021 |
| | 999,563 | 927,605 | 961,945 | 788,552 |
| Depreciation and amortization allocation: | | | | |
| Operating Costs | 876,245 | 834,350 | 863,9 62 | 724,325 |
| Administrative expenses | 123,318 | 93,255 | 97,984 | 64,227 |
| | 999,563 | 927,605 | 961,946 | 788,552 |

10. Basic earnings per share

The calculation of basic earnings per share at 31 December 2020 was based on the earnings attributable to ordinary shareholders of ₦291.50million (2019: earnings of ₦710.31million) and on ordinary shares of 1,624,218,200 of 50 k each being the average number of ordinary shares in issue during the year.

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 | Dec-19 | Dec-20 | Dec-19 |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Profit attributable to ordinary shareholders | 291,504 | 710,313 | 291,822 | 436,368 |
| Average number of ordinary shares | 1,624,218 | 1,624,218 | 1,624,218 | 1,624,218 |
| Basic/diluted earnings per share (Kobo) | 18 | 44 | 18 | 27 |





## 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 l January 2019 | 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 31 December 2019 | 50,218 | 3,249,782 | 8,406,243 | 576,630 | 1,512,050 | 489,020 | 47,686 | 14,331,629 |
| Additions | - | 96,069 | 1,261,096 | 45,099 | 69,880 | 36,895 | - | 1,509,039 |
| Disposals | - | - | (9,474) | (46,928) | (860) | (331) | - | (57,593) |
| At 31 December 2020 | 50,218 | 3,345,851 | 9,657,865 | 574,801 | 1,581,070 | 525,584 | 47,686 | 15,783,075 |
| **DEPRECIATION:** | | | | | | | | |
| At 1 January 2019 | 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 31 December 2019 | 7,908 | 529,682 | 4,963,118 | 388,242 | 1,304,916 | 433,049 | - | 7,626,915 |
| Charge for the year | 1,000 | 82,454 | 628,434 | 72,665 | 86,799 | 30,486 | - | 901,788 |
| Disposals | - | - | (9,469) | (24,154) | (280) | (83) | - | (33,986) |
| At 31 December 2020 | 8,908 | 612,136 | 5,582,033 | 436,753 | 1,391,435 | 463,452 | - | 8,494,717 |
| **NET BOOK VALUE:** | | | | | | | | |
| At 31 December 2020 | 41,310 | 2,733,715 | 4,075,832 | 138,048 | 189,635 | 62,132 | 47,686 | 7,288,358 |
| At 31 December 2019 | 42,310 | 2,720,100 | 3,443,125 | 188,388 | 207,134 | 55,971 | 47,686 | 6,704,714 |

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS – Continued

## 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 |
| **COST:** | | | | | | | | |
| At 1 January 2019 | 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 |
| Disposal | - | - | (1,047) | (140,856) | - | (514) | - | (142,417) |
| Transfers | - | - | *819,162 | - | - | - | - | *819,162 |
| At 31 December 2019 | 50,218 | 3,161,667 | 7,616,691 | 521,278 | 1,497,060 | 431,455 | 47,686 | 13,326,055 |
| Additions | - | 96,069 | 1,261,096 | 29,401 | 68,559 | 36,796 | - | 1,491,921 |
| Disposal | - | - | (9,474) | (15,878) | (280) | (331) | - | (25,963) |
| At 31st December 2020 | 50,218 | 3,257,736 | 8,868,313 | 534,801 | 1,565,339 | 467,920 | 47,686 | 14,792,013 |
| **DEPRECIATION:** | | | | | | | | |
| At 1 January 2019 | 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) |
| At 31 December 2019 | 7,908 | 521,838 | 4,211,047 | 367,981 | 1,293,693 | 409,306 | - | 6,811,773 |
| Charge for the year | 1,000 | 80,692 | 621,245 | 60,300 | 84,602 | 24,665 | - | 872,504 |
| Disposals | - | - | (9,469) | (15,098) | (54) | (83) | - | (24,704) |
| At 31 December 2020 | 8,908 | 602,530 | 4,822,823 | 413,183 | 1,378,241 | 433,888 | - | 7,659,573 |
| **NET BOOK VALUE:** | | | | | | | | |
| At 31 December 2020 | 41,310 | 2,655,206 | 4,045,490 | 121,618 | 187,098 | 34,032 | 47,686 | 7,132,440 |
| At 31 December 2019 | 42,310 | 2,639,829 | 3,405,644 | 153,297 | 203,367 | 22,149 | 47,686 | 6,514,282 |





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. 201 9; Nil)

## 11a. Right-of-use assets- Group

| | Building | Total |
|---|---|---|
| Cost: | ₦'000 | ₦'000 |
| At 1 January 2019 | 903,637 | 903,637 |
| At 31 December 2019 | 903,637 | 903,637 |
| Additions | - | - |
| 31 December 2020 | 903,637 | 903,637 |
| Depreciation: | | |
| At 1 January 2019 | - | - |
| Charge for the year | 71,827 | 71,827 |
| At 31 December 2019 | 71,827 | 71,827 |
| Charge for the year | 76,270 | 76,270 |
| At 31 December 2020 | 148,097 | 148,097 |
| Net Book Value: | | |
| 31 December 2020 | 755,540 | 755,540 |
| 31 December 2019 | 831,810 | 831,810 |

## 11a. Right-of-use asset- Company

| | Building | Total |
|---|---|---|
| Cost; | ₦'000 | ₦'000 |
| At 1 January 2019 | 894,987 | 894,987 |
| Additions | - | - |
| At 31 December 2019 | 894,987 | 894,987 |
| Additions | - | - |
| At 31 December 2020 | 894,987 | 894,987 |
| Depreciation | | |
| 1 January 2019 | - | - |
| Charge for the year | 68,021 | 68,021 |
| At 31 December 2019 | 68,021 | 68,021 |
| Charge for the year | 68,021 | 68,021 |
| At 31 December 2020 | 136,042 | 136,042 |
| Net Book Value | | |
| 31 December 2020 | 758,945 | 758,945 |
| 31 December 2019 | 826,966 | 826,966 |

## 12. Intangible assets

| | Group Dec-20 ₦'000 | Group Dec-19 ₦'000 | Company Dec-20 ₦'000 | Company Dec-19 ₦'000 |
|---|---|---|---|---|
| Cost: | | | | |
| At 1 January | 440,906 | 440,906 | 347,284 | 347,284 |
| Additions | 850 | - | - | - |
| At 31 December | 441,756 | 440,906 | 347,284 | 347,284 |
| Amortization: | | | | |
| At 1 January | 292,681 | 274,593 | 292,681 | 274,593 |
| Amortization for the year | 17,901 | 18,088 | 17,816 | 18,088 |
| At 31 December | 310,582 | 292,681 | 310,497 | 292,681 |
| Carrying amount: | | | | |
| At 31 December | 131,174 | 148,225 | 36,787 | 54,603 |

## 13. Investment property

| | Group Dec-20 ₦'000 | Group Dec-19 ₦'000 | Company Dec-20 ₦'000 | Company Dec-19 ₦'000 |
|---|---|---|---|---|
| Cost: | | | | |
| At 1 January | 172,640 | 161,199 | 172,640 | 161,199 |
| Additions | - | 11,441 | - | 11,441 |
| At 31 December | 172,640 | 172,640 | 172,640 | 172,640 |
| Depreciation: | | | | |
| At 1 January | 35,726 | 29,332 | 35,726 | 29,332 |
| Charge for the year | 3,604 | 6,394 | 3,604 | 6,394 |
| At 31 December | 39,330 | 35,726 | 39,330 | 35,726 |
| Carrying amounts | | | | |
| At 31 December | 133,310 | 136,914 | 133,310 | 136,914 |

The fair value of the investment property at 31 December 2020 was ₦665million (2019: ₦660m). Total rental revenue from the investment property for the year ended 31 December 2020 was ₦143million (2019: ₦156million). The fair value of the properties is based on valuation performed by Biodun Olapade & Co., accredited independent valuers. Biodun Olapade & Co is a renowned specialist in valuing these types of investment properties.





## 13. Investment property – Continued

| | Company & Group Dec-20 ₦'000 | Company & Group Dec-19 ₦'000 |
|---|---|---|
| Total Rental income from investment properties | 143,148 | 156,142 |
| Direct operating expenses (including repairs and maintenance) generating rental income (included in cost of sales) | (11,165) | (48,659) |
| Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in cost of sales) | - | - |
| Profit arising from investment properties | 131,983 | 107,483 |

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 3 4.

## 14. Investment in subsidiaries

| | Company Dec-20 ₦'000 | Company Dec-19 ₦'000 |
|---|---|---|
| Shares in subsidiaries: | | |
| Nahco FTZ Limited | 10,000 | 10,000 |
| Nahco Energy and Infrastructure 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.

## 15. 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 Infrastructure Limited . Consequently, the Group has 77.8% interest in Mainland Cargo Options Limited. In additio n, 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 with in the group
Summary of financial position and performance of Mainland Cargo Options

Limited as at 31 December 2020 is as shown below:

| Proportion of equity interests held by non-controlling interests | "Country of incorporation and Operation" | 22.20% | 22.20% |
|---|---|---|---|
| | | 31/12/2020 | 31/12/2019 |
| Mainland Cargo Options Limited | Nigeria | N'000 | ₦'000 |
| Non-current assets | | 30,391 | 25,416 |
| Current assets | | 255,371 | 227,882 |
| Total assets | | 285,762 | 253,298 |
| Total equity | | 97,334 | 78,375 |
| Non-controlling interest | | 32,787 | 16,299 |
| Non-current liabilities | | 2,361 | 2,361 |
| Current liabilities | | 153,278 | 172,562 |
| Total equity and liabilities | | 285,762 | 253,298 |
| Summarized Statement of comprehensive income | | | |
| | | 31/12/2020 | 31/12/2019 |
| | | ₦'000 | ₦'000 |
| Revenue | | 189,475 | 163,708 |
| Profit | | 32,336 | 32,336 |
| Profit attributable to the owners of the company | | 40,207 | 25,125 |
| Profit attributable to the non-controlling interests | | 11,540 | 7211 |
| Other Comprehensive income | | - | - |
| Total Comprehensive income | | 51,747 | 32,336 |
| Summary of Cashflow | | | |
| Net cashflow from/(used in) operating activities | | 49,036 | (11,700) |
| Net cashflow used in investing activities | | (17,259 ) | (12,686) |
| Net cashflow used in financing activities | | (1,033) | (10,610) |

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





NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS – Continued

## 16. Deposit for Shares

| | Company | |
|---|---|---|
| | Dec-20 ₦'000 | Dec-19 ₦'000 |
| At 1 January | - | 1,554,538 |
| Transfer of Equipment f rom NAHCO FTZ | - | (819,162) |
| Intercompany Settlement | - | (735,376) |
| | ------------ | ------------ |
| At 31 December | - | - |
| | ======= | ======== |

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

## 17. Other current assets

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 | Dec-19 | Dec-20 | Dec-19 |
| Other current assets comprise of: | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Bond repayment fund- | | | | |
| At 1 January | 7,866 | 40,850 | 7,866 | 40,850 |
| Interest income on bond | 3,149 | 12,666 | 3,149 | 12,666 |
| Other bond charges | (6,987 ) | ( 3,351) | (6,987) | (3,351) |
| Additions during the year | 4 44,564 | 447,391 | 444,564 | 447,391 |
| | ------------ | ------------ | ------------ | ------------ |
| | 448,592 | 497,556 | 448,592 | 497,556 |
| Interest distributions | (10,688) | (113,844) | (10,688) | (113,844) |
| Periodic liquidation o n Principal - Tranche 2 | (437,372 ) | (375,846 ) | (437,372 ) | (375,846) |
| | ------------ | ------------ | ------------ | ------------ |
| At 31 December | 532 | 7,866 | 532 | 7,866 |
| | ======= | ======= | ======= | ======= |

## 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 towards 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 2020 is held by the Trustees. (See Note 28)

## 18. Inventories

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 ₦'000 | Dec-19 ₦'000 | Dec-20 ₦'000 | Dec-19 ₦'000 |
| Spare parts | 200,203 | 214,704 | 200,203 | 214,704 |
| Stationeries/medical | 59,156 | 56,516 | 59,156 | 56,516 |
| Diesel | 11,388 | 13,571 | 11,388 | 13,571 |
| | 270,747 | 284,791 | 270,747 | 284,791 |

Inventories recognized as an expense during 2020 amount to ₦99.43 million (2019: ₦245.67 million). This is recognized in operating costs. No amount was recognized for inventory write down during the year (2019: Nil).

## 19. Prepayments

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 ₦'000 | Dec-19 ₦'000 | Dec-20 ₦'000 | Dec-19 ₦'000 |
| Prepayments comprise: | | | | |
| Deposit for property, plant & equipment | 979,206 | 2,108,328 | 791,513 | 1,915,443 |
| Prepaid insurance | 95,441 | 117,951 | 94,350 | 117,444 |
| Prepaid Stock | 155,418 | 42,642 | 155,419 | 42,640 |
| Others* | 79,190 | 41,230 | 53,900 | 22,087 |
| | 1,309,255 | 2,310,151 | 1,905,182 | 2,097,614 |

Amount for deposit for assets is largely made up of assets paid for but yet to be delivered.
* others include payment for Hygeia HMO, annual dues etc.

## 20. Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 ₦'000 | Dec-19 ₦'000 | Dec-20 ₦'000 | Dec-19 ₦'000 |
| Trade and other receivables comprise: | | | | |
| Trade receivables (Note 31) | 2,141,145 | 2,292,872 | 1,946,315 | 2,118,183 |
| Less Allowance for expected credit losses (Note31) | (844,902) | (793,384) | (825,797) | (782,619) |
| | 1,296,243 | 1,499,488 | 1,120,518 | 1,335,564 |
| Withholding tax receivable | 855,288 | 681,713 | 837,450 | 675,710 |
| Other receivables | 391,426 | 353,439 | 382,344 | 339,947 |
| | 2,542,957 | 2,534,640 | 2,340,312 | 2,351,221 |





Trade receivables are invoices on ground handling services issued to customers net of taxes and allowance for expected credit losses 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-20 ₦'000 | Dec-19 ₦'000 |
| Nahco FTZ Limited | 166,107 | 168,766 |
| NAHCO Energy and Infrastructure Limited | 420,760 | 420,760 |
| Mainland Cargo Options | 42,639 | 41,095 |
| | 629,506 | 630,621 |
| Less allowance for expected credit losses (Note 32) | (15,842) | (47,863) |
| | 613,664 | 582,758 |

## 21a. Allowance for expected credit losses of Intercompany receivables

| | Dec-20 ₦'000 | Dec-19 ₦'000 |
|---|---|---|
| At 1 January | 47,863 | 7,466 |
| Credit losses (write-back)/expenses (Note 9c) | (32,021) | 40,397 |
| At 31 December | 15,842 | 47,863 |

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 2020 and 2019, refer to Note 21b:

## 21b. Related party transactions – Continued

| | | Payments on behalf of related parties ₦'000 | Rent/ service charge ₦'000 | Amounts due from related parties ₦'000 |
|---|---|---|---|---|
| Nahco FTZ Limited | 2020 | 166,107 | - | 166,107 |
| | 2019 | 168,766 | - | 168,766 |
| NAHCO Energy and Infrastructure Limited | 2020 | 420,760 | - | 420,760 |
| | 2019 | 420,760 | - | 420,760 |
| Mainland Cargo Options | 2020 | - | 42,639 | 42,639 |
| | 2019 | - | 41,095 | 41,095 |

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 subsi diaries.
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 Subsidiar y 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 su bsidiaries: 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 (2019 : Nil).

**Loans to directors**
The group did not lend money to any of its D irectors 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. ( 2019: Nil)

**Key management personnel compensation:**
Variable pay is applicable to Executive Directors and other Senior Management personnel. A total of ₦20 million (2019: ₦32million) is deferred subject to perfo rmance conditions of the Group and individuals.

Key management personnel compensa tion for the year comprised:





## 21b. Related party transactions – Continued

| | Group 2020 | Group 2019 | Company 2020 | Company 2019 |
|---|---|---|---|---|
| Aggregate No. of persons - Snr Mgt. | 12 | 13 | 8 | 9 |
| Aggregate No. of persons - Non-Exec. Directors. | 11 | 11 | 8 | 8 |
| Other Members | - | - | - | - |
| Total | 23 | 24 | 16 | 17 |

| | Group 2020 ₦'000 | Group 2019 ₦'000 | Company 2020 ₦'000 | Company 2019 ₦'000 |
|---|---|---|---|---|
| Short-term employee benefits - Fixed | 165,574 | 149,069 | 125,016 | 136,424 |
| Short-term employee benefits - Variable | 88,069 | 88,069 | 7,896 | 78,904 |
| Total | 237,138 | 237,138 | 144,216 | 215,328 |

**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.

**Entity with control by the Company**
NAHCO FTZ Limited
NAHCO Energy and Infrastructure Limited
Mainland Cargo Options.

## 22. Cash and cash equivalents

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 | Dec-19 | Dec-20 | Dec-19 |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Bank and cash balances | 191,332 | 208,582 | 156,365 | 186,451 |
| Domiciliary accounts | 275,319 | 267,090 | 270,507 | 216,407 |
| Short term deposits (Note 32) | 369,119 | 1,103,609 | 308,649 | 1,088,210 |
| | 835,770 | 1,579,281 | 735,521 | 1,491,068 |
| Allowances for Expected credit losses on short-term deposits (Note 22a) | (241) | (16,059) | (203) | (15,449) |
| Net cash & cash equivalents | 835,529 | 1,563,222 | 735,318 | 1,475,619 |

Included in short term deposits is the investment placed for unclaimed dividend as at 31 December 2020.

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. Allowances for expected credit losses of short-term deposits

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 | Dec-19 | Dec-20 | Dec-19 |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| At 1 January | 16,059 | 7,848 | 15,449 | 7,846 |
| Credit losses(write-back)/expenses (Note 9c) | (15,818) | 8,211 | (15,246) | 7,603 |
| At 31 December | 241 | 16,059 | 203 | 15,449 |

## 22b. Debt Instrument at Amortized costs

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 | Dec-19 | Dec-20 | Dec-19 |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| At 1 January | 187, 168 | 124,191 | 187, 168 | 124,191 |
| Liquidation | (187, 168) | (124,191) | (187, 168) | (124,191) |
| Treasury Bill (Note 32) | 487,431 | 187,362 | 487,431 | 187,362 |
| Allowances for expected credit losses On treasury bills (Note 32) | (2,399) | (194) | (2,399) | (194) |
| At 31 December Federal Govt Treasury Bill | 485,032 | 187,168 | 485,032 | 187,168 |

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-20 | Dec-19 | Dec-20 | Dec-19 |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| At 1 January | 194 | 1,801 | 194 | 1,801 |
| Credit losses expenses/(write-back) (Note 9c) | 2,205 | (1,607) | 2,205 | (1,607) |
| At 31 December | 2,399 | 194 | 2,399 | 194 |

## 23. Share capital

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20 | Dec-19 | Dec-20 | Dec-19 |
| | ₦'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-20 | Dec-19 | Dec-20 | Dec-19 |
| | ₦'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 12.5k dividend for FY 2020 at the next Annual General Meeting (2019: 30 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-20 | Dec-19 | Dec-20 | Dec-19 |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| At 1 January | 4,032,142 | 3,727,884 | 4,067,992 | 4,037,679 |
| Dividend paid (Note 26b) | (487,266) | (406,055) | (487,266) | (406,055) |
| Total comprehensive income for the year | 291,504 | 710,313 | 291,822 | 436,368 |
| At 31 December | 3,836,380 | 4,032,142 | 3,872,548 | 4,067,992 |

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 2020 ₦'000 | Dividend declared ₦'000 | Cash flows ₦'000 | 31 December 2020 ₦'000 |
|---|---|---|---|---|
| Dividend declared and paid | - | 487,266 | (487,266) | - |
| Unclaimed dividend | 566,606 | - | 58,961 | 625,567 |
| Total liabilities from financing activities | 566,606 | 487,266 | (428,305) | 625,567 |

| | 1 January 2019 ₦'000 | Dividend declared ₦'000 | Cash flows ₦'000 | 31 December 2019 ₦'000 |
|---|---|---|---|---|
| Dividend declared and paid | - | 406,055 | (406,055) | - |
| Unclaimed dividend | 566,261 | - | 345 | 566,606 |
| Total liabilities from financing activities | 566,261 | 406,055 | (405,710) | 566,606 |

## 26c. Dividend Per share

| | Group Dec-20 ₦'000 | Group Dec-19 ₦'000 | Company Dec-20 ₦'000 | Company Dec-19 ₦'000 |
|---|---|---|---|---|
| Dividend approved and paid | 487,266 | 406,055 | 487,266 | 406,055 |
| Number of shares in issue | 1,624,218 | 1,624,218 | 1,624,218 | 1,624,618 |
| Dividend Per share (kobo) | 0.30 | 0.25 | 0.30 | 0.25 |

## 27. Non-controlling interests

Group

| | Dec-20 ₦'000 | Dec-19 ₦'000 |
|---|---|---|
| At 1 January | (124,025) | (130,911) |
| Share of current year profit | 10,627 | 6,886 |
| At 31 December | (113,398) | (124,025) |

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





## 28. Loans and borrowings

| | Group Dec-20 ₦'000 | Group Dec-19 ₦'000 | Company Dec-20 ₦'000 | Company Dec-19 ₦'000 |
|---|---|---|---|---|
| Unsecured at amortised cost: | | | | |
| At 1 January | 440,078 | 815,433 | 440,078 | 815,433 |
| Interest expense | 7,892 | 114,335 | 7,982 | 114,335 |
| Part Liquidation | (437,372 ) | (375,846) | (437,372 ) | (375,846) |
| Interest paid | (10,688) | (113,844) | (10,688) | (113,844) |
| At 31 December | - | 440,078 | - | 440,078 |
| Non-current | - | - | - | - |
| Current | - | 440,078 | - | 440,078 |
| | - | 440,078 | - | 440,078 |

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 and 2 bond were 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 as full payment had been made for the settlement of the entire bond.

## 28a. Lease Liabilities-

Group

| Cost | Building 2020 ₦'000 | Building 2019 ₦'000 |
|---|---|---|
| At 1 January 2020 | 1,078,294 | 928,088 |
| Accretion of interest | 188,495 | 182,633 |
| Interest payment | (4,303) | - |
| Principal payment | (17,211) | (32,427) |

### 28a. Lease Liabilities- Continued

| | ₦'000 | ₦'000 |
|---|---|---|
| Current | 53,195 | 161,780 |
| Non-current | 1,192,080 | 916,514 |
| | 1,245,275 | 1,078,294 |

| Company<br>Cost | Building<br>2020<br>₦'000 | Building<br>2019<br>₦'000 |
|---|---|---|
| At 1 January | 1,075,614 | 919,438 |
| Accretion of interest | 176,768 | 182,203 |
| Interest payment | (1,420) | (5,726) |
| Principal payment | (4,846) | (20,301) |
| As at 31 December | 1,246,116 | 1,075,614 |
| | ₦'000 | ₦'000 |
| Current | 51,402 | 160,076 |
| Non-current | 1,194,714 | 915,538 |
| | 1,246,116 | 1,075,614 |

The following are the amounts recognized in the profit or loss:

| | 2020<br>Group<br>₦'000 | 2020<br>Company<br>₦'000 |
|---|---|---|
| Depreciation expense of right-of-use assets | 76,270 | 68,021 |
| Short term leases | 7,545 | 7,545 |
| Interest expense on lease liabilities | 188,495 | 176,768 |
| Total Amount recognized in the profit or loss | 252,334 | 252,334 |

| | 2019<br>Group<br>₦'000 | 2019<br>Company<br>₦'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 the profit or loss | 674,679 | 669,760 |

### 29. Trade and other payables

Trade and other payables comprise:

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20<br>₦'000 | Dec-19<br>₦'000 | Dec-20<br>₦'000 | Dec-19<br>₦'000 |
| Trade payables | 1,975,455 | 1,920,509 | 1,875,798 | 1,815,757 |
| Other payables (Note 29.1) | 2,436,711 | 2,980,768 | 2,349,312 | 2,846,576 |
| | 4,412,166 | 4,901,277 | 4,225,110 | 4,662,333 |

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





### 29.1 Other payables

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20<br>₦'000 | Dec-19<br>₦'000 | Dec-20<br>₦'000 | Dec-19<br>₦'000 |
| Bond accrued interest | - | 630 | - | 630 |
| VAT payable | 265,490 | 238,345 | 191,528 | 142,754 |
| WHT Payable | 69,366 | 66,318 | 66,454 | 63,506 |
| Amount due to government agencies | 365,860 | 142,643 | 357,609 | 142,023 |
| Concession fee: FAAN rental & service charge | 342,336 | 665,347 | 342,336 | 665,347 |
| Directors' retirement | 135,000 | 82,500 | 135,000 | 82,500 |
| Industrial training fund | 202,035 | 176,691 | 202,035 | 175,661 |
| Staff participatory scheme | 26,728 | 132,619 | 26,728 | 126,943 |
| Performance bonus | 200,283 | 321,751 | 200,283 | 312,474 |
| Unclaimed dividend (29.1.1) | 625,567 | 556,519 | 625,567 | 556,519 |
| Other accruals* | 204,046 | 597,405 | 201,772 | 578,219 |
| | 2,436,711 | 2,980,768 | 2,349,312 | 2,846,576 |

* 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 ₦625.57million (2019: ₦556.52 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-20<br>₦'000 | Dec-19<br>₦'000 | Dec-20<br>₦'000 | Dec-19<br>₦'000 |
| At 1 January | 70,157 | 103,544 | 26,057 | 24,394 |
| Rent received during the year | 166,146 | 126,468 | 138,149 | 105,691 |
| Amount released to the profit or loss | (179,245) | (159,855) | (143,148) | (156,142) |
| At 31 December | 57,058 | 70,157 | 21,058 | 26,057 |

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

### 31. Allowance for expected credit losses expenses

The aging of trade receivables at the reporting date was:

| | Group | | Company | |
|---|---|---|---|---|
| | Dec-20<br>₦'000 | Dec-19<br>₦'000 | Dec-20<br>₦'000 | Dec-19<br>₦'000 |
| Current (1- 30 days) | 459,888 | 843,065 | 456,828 | 839,230 |
| 31-90 days | 342,674 | 156,530 | 191,648 | 42,827 |
| 91-180 days | 97,696 | 171,792 | 82,169 | 133,678 |
| More than 180 days | 1,240,887 | 1,121,485 | 1,215,670 | 1,102,448 |
| | 2,141,145 | 2,292,872 | 1,946,315 | 2,118,183 |
| Expected credit losses(Note32) | (844,902) | (793,384) | (825,797) | (782,619) |
| | 1,296,243 | 1,499,488 | 1,120,518 | 1,335,564 |

## 31. Allowance for expected credit losses expenses - Continued

The movement in the allowance for expected credit losse s in respect of trade receivables during the year was as follows:

| | Group | | | |
|---|---|---|---|---|
| Company | Dec-20 ₦'000 | Dec-19 ₦'000 | Dec-20 ₦'000 | Dec-19 ₦'000 |
| At 1 January | 793,384 | 1,123,661 | 782,619 | 1,117,346 |
| Credit loss (write-back) | - | (334,839) | - | (334,727) |
| Credit loss expenses | 51,518 | 4,562 | 43,178 | - |
| At 31 December | 844,902 | 793,384 | 825,797 | 782,619 |

The expected credit losses 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. Expected credit losses on trade receivables is recognized in Statement of profit or loss and other comprehensive income .

## 32. Financial Risk Management objectives and policies

Overview

The Group's principal financial liabilities comprise 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 and investments in debt instrument.

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.

## 32. Financial Risk Management objectives and policies – Continued

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.

### 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.

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.
Set out below is the information about the credit risk exposure on the Group's trade receivables as at 31 December 2020 using a provision matrix:

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS – Continued

## 32.Financial Risk Management objectives and policies – Continued

The Group
31 December 2020

| | Trade receivables Days past due | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Current | 1 - 30 days | 31 – 90 days | 91-120 days | 121 - 180 days | 181-360 days | After 360 days | Total |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Expected credit loss rate | 0.82% | 1.21% | 4.18% | 4.84% | 9.7%% | 13.28% | 68.33% | |
| Estimated total gross carrying amount at default | 530,291 | 68,800 | 83,815 | 77,870 | 96,865 | 98,075 | 1,185,429 | 2,141,145 |
| Expected credit losses | 4,370 | 832 | 3,503 | 3,769 | 9,396 | 13,024 | 810,008 | 844,902 |

The Company
31 December 2020

| | Current | 1 - 30 days | 31 – 90 days | 91-120 days | 121 - 180 days | 181-360 days | After 360 days | Total |
|---|---|---|---|---|---|---|---|---|
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Expected credit loss rate | 0.95% | 1.02% | 1.39% | 4.85% | 4.85% | 13.28% | 71% | |
| Estimated total gross carrying amount at default | 456,828 | 45,734 | 60,041 | 77,670 | 72,169 | 98,075 | 1,135,798 | 1,946,315 |
| Expected credit loss | 4,370 | 469 | 835 | 3,773 | 3,505 | 13,030 | 799,815 | 825,797 |



NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS – Continued

## 32.Financial Risk Management objectives and policies – Continued

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 | After 360 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 | After 360 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 |

## 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.

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 2020.





## 32. Financial Risk Management objectives and policies – Continued

An analysis of ECL allowances is as follows:

| | Group 2020 | | | Company 2020 | | | |
|---|---|---|---|---|---|---|---|
| | Short-term deposits | Treasury bills | Total | Intercompany receivables | Short term deposits | Treasury bills | Total |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Upside (10%) | 24 | 240 | 264 | 1,584 | 20 | 240 | 1,844 |
| Base (80%) | 193 | 1,919 | 2,112 | 12,674 | 163 | 1,919 | 14,756 |
| Downside (10%) | 24 | 240 | 264 | 1,584 | 20 | 240 | 1,844 |
| | 241 | 2,399 | 2,640 | 15,842 | 203 | 2,399 | 18,444 |

| Allowances for credit losses of financial assets | Group 2020 | | Company 2020 | |
|---|---|---|---|---|
| Internal grading system | Stage 1 individual | Total | Stage1 individual | Total |
| Treasury bills | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Gross carrying amount as at 1 January | 187,362 | 187,362 | 187,362 | 187,362 |
| New assets originated or purchased Note 22b) | 487,431 | 487,431 | 487,431 | 487,431 |
| Assets derecognised or repaid (excluding write offs) (Note 22b) | (187,362) | (187,362) | (187,362) | (187,362) |
| Gross carrying amount as at 31 December | 487,431 | 487,431 | 487,431 | 487,431 |

## 32.Financial Risk Management objectives and policies – Continued

| Expected credit losses of financial assets | | | Group | | Company |
|---|---|---|---|---|---|
| | | Stage 1 | 2020 | Stage1 | 2020 |
| Internal grading system | individual | Total | individual | Total | |
| Impairment allowance for treasury bills | | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| ECL allowance as at 1 January | | | 194 | 194 | 194 |
| 194 | | | | | |
| New assets originated or purchased (Note 22b) | | 2,399 | 2,399 | 2,399 | 2,399 |
| Assets derecognised or repaid (excluding write offs) (Note 22b) | | (194) | (194) | (194) | (194) |
| ECL allowance as at 31 December | | | 2,399 | 2,399 | 2,399 |
| 2,399 | | | | | |
| | | ===== | ===== | ===== | ===== |

| Intercompany receivables | The Company | |
|---|---|---|
| | 2020 | 2020 |
| Internal grading system | Stage 1 individual | Total |
| | ₦'000 | ₦'000 |
| Gross carrying amount at 1 January | 630,621 | 630,621 |
| New assets originated or purchased (Note 21) | 1,544 | 1,544 |
| Assets derecognised or repaid (excluding write offs) | (2,659) | (2,659) |
| Gross carrying amount at 31December | 629,506 | 629,506 |
| | ======= | ======= |
| Expected credit losses for intercompany receivables | | |
| ECL allowance at 1 January | 47,863 | 47,863 |
| New assets originated or purchased (Note 21a) | - | - |
| Assets derecognised or repaid (excluding write offs) | (32,021) | (32,021) |
| ECL allowance at 31 December | 15,842 | 15,842 |
| | ====== | ====== |





## 32.Financial Risk Management objectives and policies – Continued

| Short term deposits | The Group | | The Company | |
|---|---|---|---|---|
| Internal grading system | 2020 | | 2020 | |
| | Stage 1 individual | Total | Stage 1 individual | Total |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Gross carrying amount at 1 January | 1,103,209 | 1,103,209 | 1,088,210 | 1,088,210 |
| New assets originated or purchased (Note 22) | 369,119 | 369,119 | 308,649 | 308,649 |
| Assets derecognised or repaid (excluding write offs) | (1,103,209) | (1,103,209) | (1,088,210) | (1,088,210) |
| Gross carrying amount at 31December | 369,119 | 369,119 | 308,649 | 308,649 |
| | ======== | ======== | ======== | ======== |

| Expected credit losses allowance for short term deposits | The Group | | The Company | |
|---|---|---|---|---|
| | Individual 2020 | Total 2020 | Individual 2020 | Total 2020 |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| ECL allowance at 1 January 2020 | 16,059 | 16,059 | 15,449 | 15,449 |
| New assets originated or purchased (Note 22a) | 241 | 241 | 203 | 203 |
| Assets derecognised or repaid (excluding write offs) | (16,059) | (16,059) | (15,449) | (15,449) |
| ECL allowance at 31 December | 241 | 241 | 203 | 203 |
| | ====== | ====== | ====== | ====== |

| 31 December 2019 | Group 2019 | | | | Company 2019 | | |
|---|---|---|---|---|---|---|---|
| | Short term deposit | Treasury bills | Total | Intercompany receivables | Short term deposit | Treasury bills | Total |
| | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'000 | ₦'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 |
| | ===== | ===== | ===== | ===== | ===== | ===== | ====== |

## 32.Financial Risk Management objectives and policies – Continued

| Expected credit losses on treasury bills | | The Group 2019 | | The Company 2019 | |
|---|---|---|---|---|---|
| Internal grading system | individual | Stage 1 Total | individual | Stage 1 Total | |
| Treasury bills | | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| Gross carrying amount at 1 January | | 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) | | (124,191) | (124,191) | (124,191) | (124,191) |
| | | 187,362 | 187,362 | 187,362 | 187,362 |
| Expected credit losses for treasury bills | | 2019 Stage 1 Individual | Total | 2019 Stage 1 Individual | Total |
| | | ₦'000 | ₦'000 | ₦'000 | ₦'000 |
| ECL allowance at 1 January | | 1,801 | 1,801 | 1,801 | 1,801 |
| New assets originated or purchased (Note 22c) | | 194 | 194 | 194 | 194 |
| Assets derecognised or repaid (excluding write offs) | | (1,801) | (1,801) | (1,801) | (1,801) |
| ECL allowance as at 31 December | | 194 | 194 | 194 | 194 |





## 32.Financial Risk Management objectives and policies – Continued

| Intercompany receivables | Company 2020 | Company 2020 |
|---|---|---|
| Internal grading system - Stage | | |
| | individual | Total |
| | ₦'000 | ₦'000 |
| Gross carrying amount at 1 January | 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 at 31 December | 630,621 | 630,621 |

| Expected credit losses on intercompany receivables | Company 2020 Stage 1 individual | Company 2020 Total |
|---|---|---|
| | ₦'000 | ₦'000 |
| ECL allowance at 1 January | 7,466 | 7,466 |
| New assets originated or purchased (Note 21a) | 40,397 | 40,397 |
| Assets derecognised or repaid (excluding write offs) | - | - |
| ECL allowance at 31 December | 47,863 | 47,863 |

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS – Continued

## 32.Financial Risk Management objectives and policies – Continued

Short term deposits

| Internal grading system | Group Stage 1 individual ₦'000 | 2019 Total ₦'000 | Company Stage 1 individual ₦'000 | 2019 Total ₦'000 |
|---|---|---|---|---|
| Gross carrying amount at 1 January | 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 at 31 December | 1,103,209 | 1,103,209 | 1,088,210 | 1,088,210 |

Expected credit losses on short term deposit

| | Group 2019 Stage 1 individual ₦'000 | Group 2019 Total ₦'000 | Company 2019 Stage 1 individual ₦'000 | Company 2019 Total ₦'000 |
|---|---|---|---|---|
| ECL allowance at 1 January | 7,848 | 7,848 | 7,846 | 7,846 |
| New assets originated or purchased | 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 at 31 December | 16,059 | 16,059 | 15,449 | 15,449 |





## 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.

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 2020 | | | | | | |
| Trade and other payables * | - | - | 4,077,310 | - | - | 4,077,310 |
| Loans and borrowings | - | - | - | - | - | - |
| Lease Liability | | | 104,264 | 1,004,456 | 2,032,021 | 3,140,741 |
| | - | - | 4,181,574 | 1,004,456 | 2,0,32,021 | 7,2 18,051 |
| | 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 |

*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 2020 | | | | | | |
| Trade and other payables * | - | - | 3,967,128 | - | - | 3,967,128 |
| Loans and borrowings | - | - | - | - | - | - |
| Lease Liability | | | 273,238 | 1,113,943 | 2,474,153 | 3,861,334 |
| | - | - | 4,240,366 | 1,113,943 | 2,615,034 | 7,8 28,462 |

| | 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 | 2,615,03 4 | 3,741,356 |
| | - | - | 5,101,579 | 920,894 | 2,615,034 | 8,637,507 |

*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 ty pes 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 trans action 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 variab les held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.





## 32. Financial Risk Management objectives and policies – Continued

Foreign currency sensitivity - continued

| | Foreign currency Balances ₦'000 | Change in USD rate | Effect on profit before tax ₦'000 |
|---|---|---|---|
| 2020 | 890 | 5% | 5 |
| | | -5% | (5) |
| 2019 | 1,925 | 5% | 9 |
| | | -5% | (9) |
| | | **Change in EURO rate** | **Effect on profit before tax ₦'000** |
| 2020 | 1 | 5% | |
| | | 5% | - |
| 2019 | 1 | 5% | - |
| | | -5% | - |
| | | **Change in POUNDS rate** | **Effect on profit before tax ₦'000** |
| 2020 | 0.27 | 5% | - |
| | | -5% | - |
| 2019 | 0.27 | 5% | - |
| | | -5% | - |

Transactions in foreign currencies other than US Dollars were not significant i n 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 2020 | | | |
| Cash and cash equivalents (Note 22) | 835,529 | - | 835,529 |
| Trade and other receivables (Note 20) * | 1,687,669 | - | 1,687,669 |
| Debt instruments at amortized costs (Note 22b) | 485,032 | - | 485,032 |
| Total financial assets | 3,008,230 | - | 3,008,230 |
| Trade & other payables (Note 29) * | 4,077,310 | - | 4,077,310 |
| Loans and borrowings (Note 28) | - | - | - |
| Lease liability (Note 28a) | 1,245,27 5 | - | 1,245,27 5 |

## 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 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) | 440,078 | - | 440,078 |
| Lease Liability | 1,078,294 | - | 1,078,294 |
| Total financial liabilities | 6,114,986 | - | 6,114,986 |

| Company | Amortised cost ₦'000 | Fair value ₦'000 | Carrying amount ₦'000 |
|---|---|---|---|
| At 31 December 2020 | | | |
| Cash and cash equivalents (Note 22) | 735,318 | - | 735,318 |
| Debt instrument at amortized cost (Note 22b) | 485,032 | | 485,032 |
| Trade and other receivables (Note 20) * | 1,502,862 | - | 1,502,862 |
| Intercompany receivables (Note 21) | 613,664 | - | 613,664 |
| Total financial assets | 3,336,876 | - | 3,336,876 |
| Trade & Other payables (Note 29) * | 3,967,128 | - | 3,967,128 |
| Loans and borrowings (Note 28) | - | - | - |
| Lease liability (Note 28a) | 1,246,116 | | 1,246,116 |
| Total financial liabilities | 5,213,244 | - | 5,213,244 |

| 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 | 4,328,187 | | 4,328,187 |
| Trade & Other payables* | 4,456,073 | - | 4,456,073 |
| Loans and borrowings (Note 28) | 440,078 | | 440,078 |
| Lease liabilities | 1,075,614 | - | 1,075,614 |
| Total financial liabilities | 5,971,765 | - | 5,971,765 |





## 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 2020 ₦'000 | Dec 2019 ₦'000 | Dec 2020 ₦'000 | Dec 2019 ₦'000 |
| Trade and other payables (Note 29) | 4,412,166 | 4,901,277 | 4,225,110 | 4,662,333 |
| Loans and borrowings (Note 28) | - | 440,078 | - | 440,078 |
| Less cash and bank balance (Note 22) | (835,529) | (1,563,222) | (735,318) | (1,475,619) |
| Net debt | 3,576,637 | 3,778,133 | 3,489,792 | 3,626,792 |
| Equity | 6,449,849 | 6,634,984 | 6,599,415 | 6,794,859 |
| Capital and net debt | 10,026,486 | 10,413,117 | 10,089,207 | 10,421,651 |
| Gearing ratio (%) | 36% | 36% | 35% | 35% |

## 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 2020 and 31 December 2019.

## 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 20 ₦'000 | Dec 19 ₦'000 | Dec 20 ₦'000 | Dec 19 ₦'000 |
| Financial liabilities: | | | | |
| Interest bearing loans and borrowings | - | 440,078 | - | 377,103 |
| Total | - | 440,078 | - | 377,103 |
| Financial assets: | | | | |
| Investment property | 133,310 | 136,914 | 665,000 | 660,000 |
| Total | 133,310 | 136,914 | 665,000 | 660,000 |

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 asset s 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 determin ed 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, a gent 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.

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

| | 31-Dec-20 ₦'000 | Level 1 ₦'000 | Level 2 ₦'000 | Level 3 ₦'000 |
|---|---|---|---|---|
| Asset for which fair value are disclosed (Note 13): | | | | |
| Investment property | 665,000 | - | - | 665,000 |

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 2019:

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

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

## 35. Revenue

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

| | 2020 ₦'000 | 2019 ₦'000 |
|---|---|---|
| Ground Handling | 2,560,313 | 5,351,383 |
| Cargo Handling | 3,841,715 | 3,957,625 |
| Others | 724,093 | 687,137 |
| | 7,126,1 21 | 9,996,145 |

## 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 rec onciliation 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 se gments, 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, p assenger 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 reve nue 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 2020 | | | |
| Ground Handling | 2,914,008 | (2,508,300) | 405,708 |
| Cargo Handling | 3,841,715 | (2,170,644) | 1,671,071 |
| Others | 370,398 | (144,709) | 225,689 |
| | 7,126,1 21 | (4,823,653) | 2,302,468 |
| 31 December 2019 | | | |
| Ground Handling | 5,351,383 | (3,415,433) | 1,9 35,950 |
| 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 |





## 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 repo rt 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 fina ncial year was as follows;

| | 2020 Numbers | 2019 Numbers |
|---|---|---|
| Operations | 1,374 | 1,420 |
| Administration | 134 | 188 |
| | 1,508 | 1,608 |

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

| Naira | 2020 Numbers | 2019 Numbers |
|---|---|---|
| Less than1,000,000 | 76 | 82 |
| 1,000,001-1,500,000 | 684 | 723 |
| 1,500,001-2,500,000 | 610 | 654 |
| 2,500,001-3,500,000 | 107 | 116 |
| 3,500,001-6,000,000 | 10 | 14 |
| 6,000,001-8,500,000 | 14 | 12 |
| Above 8,500,000 | 7 | 7 |
| | 1,508 | 1,608 |

| Directors mix | 2020 Numbers | 2019 Numbers |
|---|---|---|
| Executive | 3 | 3 |
| Non-Executive | 8 | 8 |
| | 11 | 11 |
| | ₦'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 N135million (2019: N135million) No provision has been made in the financial statements for the claims. In the opinion of the Directors and based on legal advice, the Group's liability is not likely to be significant.

### 38. Capital commitments

The group did not have any capital commitments as at 31 December 2020.(2019:Nil)

### 39. Events after the reporting date

No event or transactions have occurred since the end of the reporting date, which would have a material effect upon 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.



# VALUE ADDED STATEMENT

## FOR THE YEAR ENDED 31 DECEMBER 2020

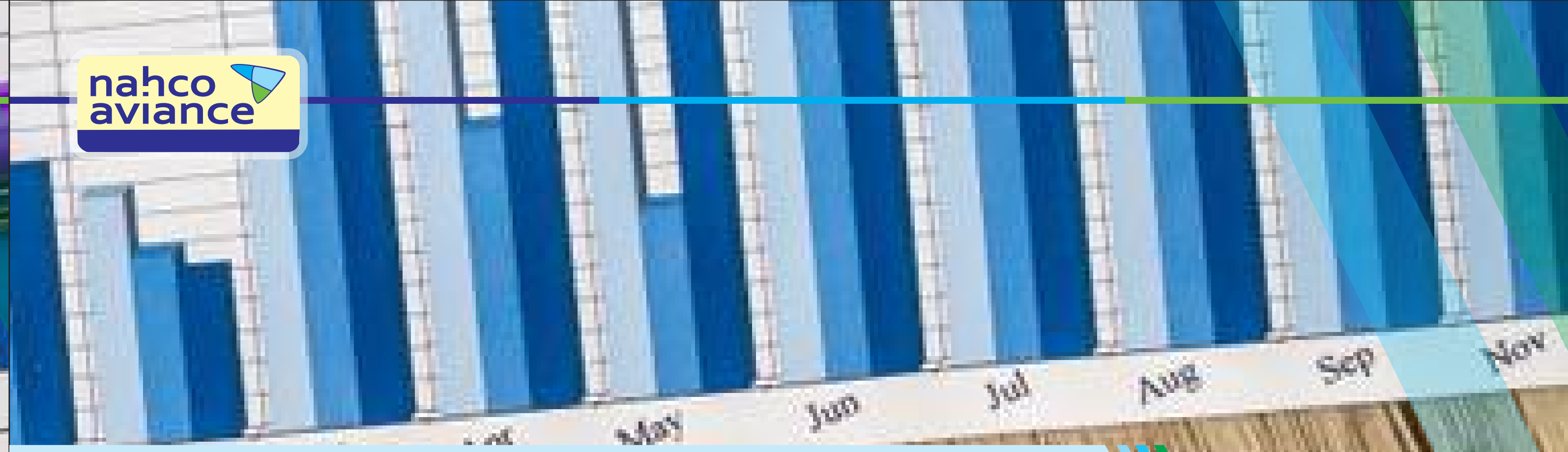
| | Group | | Group | | Company | | Company | |
|---|---|---|---|---|---|---|---|---|
| | 2020 ₦'000 | | 2019 ₦'000 | | 2020 ₦'000 | | 2019 ₦'000 | |
| Revenue | 7,126,1 21 | | 9,996,145 | | 6,779,005 | | 9,570,197 | |
| Other income | 581,267 | | 245,032 | | 531,545 | | 237,866 | |
| Finance income | 86,653 | | 173,076 | | 86,653 | | 167,878 | |
| | 7,794,0 41 | | 10,414,253 | | 7,397,203 | | 9,975,941 | |
| Bought in materials & services | (1,789,772 ) | | (3,141,135) | | (1,580,503) | | (3,124,543) | |
| | 6,004,269 | | 7,315,722 | | 5,816,700 | | 6,851,398 | |
| Applied as follows: | | | | | | | | |
| To pay employees and directors | | % | | % | | % | | % |
| Salaries, wages, pensions and related costs | 3,952, 697 | 66 | 4,341,240 | 59 | 3,846,109 | 66 | 4,316,788 | 63 |
| To providers of capital: | | | | | | | | |
| Finance cost | 203,464 | 3 | 300,319 | 4 | 191,737 | 3 | 299,889 | 4 |
| Dividend | 487,266 | 8 | 406,055 | 6 | 487,266 | 8 | 406,055 | 6 |
| Government: | | | | | | | | |
| Income tax expenses | 329,522 | 6 | 263,175 | 4 | 306,981 | 6 | 243,991 | 4 |
| Asset replacement: | | | | | | | | |
| Depreciation and amortization | 999,563 | 17 | 927,605 | 12 | 961,946 | 17 | 788,552 | 12 |
| Deferred taxation- | (270,374) | (5) | 360,129 | 5 | (269,161) | (5) | 359,755 | 5 |
| Retained profit | 302,131 | 5 | 717,199 | 10 | 291,822 | 5 | 436,368 | 6 |
| | 6,004,269 | 100 | 7,315,722 | 100 | 5,816,700 | 100 | 6,851,398 | 100 |

The value added represents the wealth created through the Company's assets by its own and its employees' efforts. This statement shows the allocation of wealth created amongst employees, government and that retained for future creation of wealth

## FIVE-YEAR FINANCIAL SUMMARY - GROUP

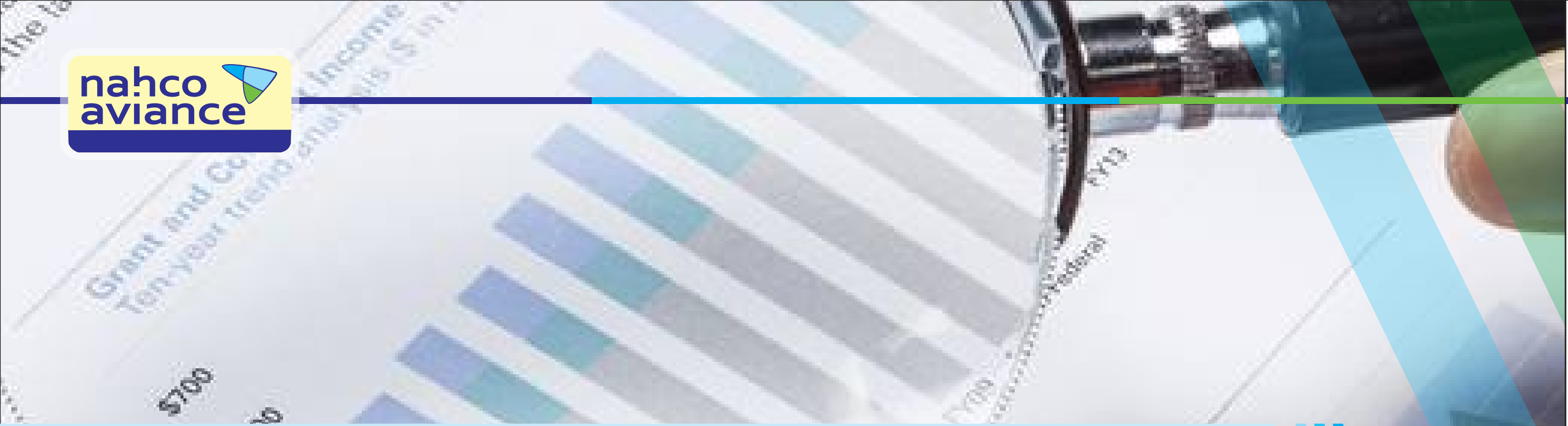
| GROUP | 2020 ₦'000 | 2019 ₦'000 | 2018 ₦'000 | 2017 ₦'000 | 2016 ₦'000 |
|---|---|---|---|---|---|
| Statement of Profit or Loss | | | | | |
| Revenue | 7,126,1 21 | 9,996,145 | 9,775,515 | 7,926,152 | 7,956,977 |
| Profit before tax | 361,279 | 1,340,503 | 503,237 | 600,011 | 909,624 |
| Income tax | (59,148 ) | (623,304) | (306,443) | 175,756 | (328,906) |
| Profit after tax | 302,131 | 717,199 | 196,794 | 775,76 7 | 580,718 |
| Statement of Financial Position | | | | | |
| Non-current assets | | | | | |
| Non-current assets | 8,308,382 | 7,821,663 | 6,454,876 | 6,868,053 | 6,796,657 |
| Current assets | 5,444,052 | 6,887,838 | 5,890,994 | 5,394,018 | 5,837, 928 |
| Total assets | 13,752 ,434 | 14,709,501 | 12,345,870 | 12,262,071 | 12,634,585 |
| Non-current liabilities | 1,997,49 6 | 1,992,304 | 1,155,249 | 1,619,017 | 2,192,507 |
| Current liabilities | 5,305,089 | 6,082,213 | 4,866,781 | 3,872,281 | 4,089,704 |
| Total liabilities | 7, 302,585 | 8,074,517 | 6,022,030 | 5,491,298 | 6,283,251 |
| 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 | 3,722,982 | 3,908,117 | 3,596,973 | 4,043,906 | 3,624,467 |
| Total equity | 6,449,849 | 6,634,984 | 6,323,840 | 6,770,773 | 6,351,334 |
| Total equity and liabilities | 13,752,4 34 | 14,709,501 | 12,345,870 | 12,262,071 | 12,634,585 |





## FIVE-YEAR FINANCIAL SUMMARY - COMPANY

| COMPANY | 2020 ₦'000 | 2019 ₦'000 | 2018 ₦'000 | 2017 ₦'000 | 2016 ₦'000 |
|---|---|---|---|---|---|
| Statement of Profit or Loss | | | | | |
| Revenue | 6,779,005 | 9,570,197 | 9,109,644 | 7,565,763 | 7,797,899 |
| Profit before tax | 329,642 | 1,040,114 | 299,754 | 509,563 | 911,575 |
| Income tax | (37,8 20) | (603,746) | (290,048) | 178,339 | (328,906 ) |
| Profit after tax | 291,822 | 436,368 | 9,706 | 687,902 | 582,669 |
| Statement of Fina ncial Position | | | | | |
| Non-current assets | | | | | |
| Non-current assets | 8,100,982 | 7,572, 265 | 6,857,111 | 6,730,372 | 7,269,534 |
| Current assets | 5,540,787 | 6,987,037 | 5,961,973 | 5,916,375 | 5,805,248 |
| Total assets | 13,641,769 | 14,559,30 2 | 12,819,084 | 12,646,747 | 13,074,782 |
| Non-current liabilities | 1,998,981 | 1,988,966 | 1,153,261 | 1,618,587 | 2,192,547 |
| Current liabilities | 5,043,373 | 5,775,477 | 4,901,277 | 3,631,958 | 3,816,607 |
| Total liabilities | 7, 042,354 | 7,764,443 | 6,054,538 | 5,250,545 | 6,009,154 |
| 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 | 3,872,548 | 4,067,991 | 4,037,679 | 4,669,335 | 4,338,761 |
| Total equity | 6,599,415 | 6,794,858 | 6,764,546 | 7,396,202 | 7,065,628 |
| Total equity and liabilities | 13,641,769 | 14,559,302 | 12,819,084 | 12,646,747 | 13,074,782 |



# NAHCO PLC FLIGHT AND CARGO TONNAGE STATISTICS AND ANALYSIS, 2020 AND 2019

## 2020 and 2019 Monthly Total Flight Analysis by Location

| Location: | MMIA | | | MMA2 | | |
|---|---|---|---|---|---|---|
| Month | 2020 | 2019 | % Change (+increase/- decrease) | 2020 | 2019 | % Change (+increase/- decrease) |
| Jan | 705 | 727 | -3% | 881 | 754 | 17% |
| Feb | 596 | 684 | -13% | 849 | 640 | 33% |
| Mar | 439 | 702 | -37% | 805 | 711 | 13% |
| Apr | 15 | 678 | -98% | | 734 | -100% |
| May | 16 | 662 | -98% | | 794 | -100% |
| Jun | 26 | 649 | -96% | 2 | 762 | -100% |
| Jul | 68 | 666 | -90% | 236 | 858 | -73% |
| Aug | 86 | 682 | -87% | 422 | 860 | -51% |
| Sep | 133 | 681 | -81% | 479 | 910 | -47% |
| Oct | 212 | 685 | -69% | 451 | 869 | -48% |
| Nov | 272 | 669 | -59% | 477 | 904 | -47% |
| Dec | 386 | 704 | -45% | 650 | 957 | -32% |
| | 2,953 | 8,186 | -64% | 5,249 | 9,751 | -46% |

| Location: | CARGO RAMP | | | PHC | | |
|---|---|---|---|---|---|---|
| Month | 2020 | 2019 | % Change (+increase/- decrease) | 2020 | 2019 | % Change (+increase/- decrease) |
| Jan | 184 | 190 | -3% | 303 | 354 | -14% |
| Feb | 162 | 162 | 0% | 268 | 313 | -14% |
| Mar | 190 | 183 | 4% | 221 | 297 | -26% |
| Apr | 153 | 195 | -22% | 1 | 294 | -100% |
| May | 178 | 193 | -8% | 1 | 302 | -100% |
| Jun | 243 | 180 | 35% | 10 | 290 | -97% |
| Jul | 270 | 196 | 38% | 93 | 304 | -69% |
| Aug | 246 | 187 | 32% | 149 | 361 | -59% |
| Sep | 223 | 195 | 14% | 145 | 344 | -58% |
| Oct | 204 | 206 | -1% | 143 | 358 | -60% |
| Nov | 241 | 223 | 8% | 125 | 328 | -62% |
| Dec | 260 | 239 | 9% | 150 | 341 | -56% |
| | 2,554 | 2,349 | 9% | 1,609 | 3,886 | -59% |



NAHCO AVIANCE FLIGHT AND CARGO TONNAGE STATISTICS AND ANALYSIS, 2019 AND 2020 (Cont'd)

| Location: | ABUJA | | | KANO | | |
|---|---|---|---|---|---|---|
| Month | 2020 | 2019 | % Change (+increase/- decrease) | 2020 | 2019 | % Change (+increase/- decrease) |
| Jan | 1,223 | 1,170 | 5% | 297 | 273 | 9% |
| Feb | 1,189 | 982 | 21% | 277 | 223 | 24% |
| Mar | 1,079 | 1,109 | -3% | 486 | 259 | 88% |
| Apr | 18 | 1,119 | -98% | 1 | 252 | -100% |
| May | 31 | 1,150 | -97% | - | 283 | -100% |
| Jun | 45 | 1,170 | -96% | 3 | 252 | -99% |
| Jul | 369 | 1,210 | -70% | 131 | 262 | -50% |
| Aug | 605 | 1,136 | -47% | 167 | 278 | -40% |
| Sep | 766 | 1,114 | -31% | 201 | 255 | -21% |
| Oct | 734 | 1,123 | -35% | 181 | 258 | -30% |
| Nov | 727 | 1,189 | -39% | 153 | 277 | -45% |
| Dec | 995 | 1,258 | -21% | 168 | 312 | -46% |
| | 7,781 | 13,730 | -43% | 2,065 | 3,184 | -35% |

| Location: | UYO | | | KADUNA | | |
|---|---|---|---|---|---|---|
| Month | 2020 | 2019 | % Change (+increase/- decrease) | 2020 | 2019 | % Change (+increase/- decrease) |
| Jan | 72 | 63 | 14% | 32 | 33 | -3% |
| Feb | 62 | 72 | -14% | 27 | 27 | 0% |
| Mar | 55 | 40 | 38% | 30 | 29 | 3% |
| Apr | - | 41 | -100% | - | 30 | -100% |
| May | | 36 | -100% | | 32 | -100% |
| Jun | | 79 | -100% | | 36 | -100% |
| Jul | 34 | 70 | -51% | 27 | 31 | -13% |
| Aug | 4 | 62 | -94% | 25 | 34 | -26% |
| Sep | - | 61 | -100% | 27 | 32 | -16% |
| Oct | - | 62 | -100% | 27 | 31 | -13% |
| Nov | | 61 | -100% | 26 | 30 | -13% |
| Dec | 44 | 60 | -27% | 36 | 34 | 6% |
| | 271 | 707 | -62% | 257 | 379 | -32% |

| Location: | ENUGU | | | OWERRI | | |
|---|---|---|---|---|---|---|
| Month | 2020 | 2019 | % Change (+increase/- decrease) | 2020 | 2019 | % Change (+increase/- decrease) |
| Jan | - | 125 | -100% | 312 | 196 | 59% |
| Feb | - | 97 | -100% | 245 | 141 | 74% |
| Mar | - | 104 | -100% | 204 | 167 | 22% |
| Apr | - | 103 | -100% | 1 | 173 | -99% |
| May | - | 110 | -100% | 3 | 153 | -98% |
| Jun | - | 103 | -100% | | 144 | -100% |
| Jul | - | 109 | -100% | 78 | 154 | -49% |
| Aug | | 83 | -100% | 139 | 164 | -15% |
| Sep | 55 | - | 0% | 144 | 145 | -1% |
| Oct | 77 | - | 0% | 126 | 156 | -19% |
| Nov | 68 | - | 0% | 135 | 198 | -32% |
| Dec | 70 | - | 0% | 159 | 357 | -55% |
| | 270 | 833 | -68% | 1,546 | 2,148 | -28% |

| Location: | MAIDUGURI | | | YOLA | | |
|---|---|---|---|---|---|---|
| Month | 2020 | 2019 | % Change (+increase/- decrease) | 2020 | 2019 | % Change (+increase/- decrease) |
| Jan | 30 | 24 | 25% | 48 | 31 | 55% |
| Feb | 29 | 24 | 21% | 49 | 35 | 40% |
| Mar | 27 | 30 | -10% | 48 | 35 | 37% |
| Apr | - | 30 | -100% | - | 53 | -100% |
| May | | 32 | -100% | | 59 | -100% |
| Jun | | 30 | -100% | | 55 | -100% |
| Jul | 17 | 31 | -45% | 13 | 58 | -78% |
| Aug | 28 | 31 | -10% | 48 | 57 | -15% |
| Sep | 30 | - | 0% | 43 | 56 | -23% |
| Oct | 30 | 31 | -3% | 39 | 55 | -29% |
| Nov | 26 | 30 | -13% | 38 | 47 | -19% |
| Dec | 30 | 7 | 329% | 44 | 53 | -17% |
| | 247 | 300 | -18% | 370 | 594 | -349% |

| Location: | Kebbi | | | GAT | | |
|---|---|---|---|---|---|---|
| Month | 2020 | 2019 | % Change (+increase/- decrease) | 2020 | 2019 | % Change (+increase/- decrease) |
| Jan | 13 | 13 | 0% | 520 | 640 | -19% |
| Feb | 11 | 11 | 0% | 433 | 473 | -8% |
| Mar | 12 | 13 | -8% | 439 | 590 | -26% |
| Apr | - | 12 | -100% | 1 | 611 | -100% |
| May | | 14 | -100% | | 585 | -100% |
| Jun | | 15 | -100% | 6 | 510 | -99% |
| Jul | 3 | 16 | -81% | 194 | 564 | -66% |
| Aug | 13 | 13 | 0% | 296 | 550 | -46% |
| Sep | 13 | 13 | 0% | 329 | 464 | -29% |
| Oct | 13 | 13 | 0% | 334 | 476 | -30% |
| Nov | 13 | 13 | 0% | 323 | 484 | -33% |
| Dec | 13 | 15 | -13% | 349 | 479 | -27% |
| | 104 | 161 | -35% | 3,224 | 6,425 | -50% |

| Location: | Gombe | | | Akure | | |
|---|---|---|---|---|---|---|
| Month | 2020 | 2019 | % Change (+increase/- decrease) | 2020 | 2019 | % Change (+increase/- decrease) |
| Jan | 12 | 1 | 1100% | 45 | 20 | 125% |
| Feb | 12 | 9 | 33% | 46 | 24 | 92% |
| Mar | 11 | 12 | -8% | 54 | 30 | 80% |
| Apr | - | 13 | -100% | 1 | 28 | -96% |
| May | - | 14 | -100% | - | 31 | -100% |
| Jun | | 15 | -100% | | 30 | -100% |
| Jul | - | 15 | -100% | - | 33 | -100% |
| Aug | 11 | 13 | -15% | 8 | 33 | -76% |
| Sep | | 13 | -100% | 42 | 33 | 27% |
| Oct | 13 | 13 | 0% | 26 | 34 | -24% |
| Nov | 13 | 12 | 8% | 4 | 31 | -87% |
| Dec | 13 | 12 | 8% | 49 | 31 | 58% |
| | 85 | 142 | -40% | 275 | 358 | -23% |





| Location: | Benin | | | Asaba | | |
|---|---|---|---|---|---|---|
| Month | 2020 | 2019 | % Change (+increase/- decrease) | 2020 | 2019 | % Change (+increase/- decrease) |
| Jan | 16 | | 0% | 11 | | 0% |
| Feb | 11 | | 0% | 9 | | 0% |
| Mar | 14 | | 0% | 16 | | 0% |
| Apr | - | | 0% | - | | 0% |
| May | | | 0% | | | 0% |
| Jun | | | 0% | | | 0% |
| Jul | - | | 0% | - | | 0% |
| Aug | 8 | | 0% | | | 0% |
| Sep | 13 | | 0% | 10 | | 0% |
| Oct | 10 | | 0% | 13 | | 0% |
| Nov | 11 | | 0% | 12 | | 0% |
| Dec | 15 | | 0% | 13 | | 0% |
| | 98 | - | 0% | 84 | - | 0% |

| Location: | Katsina | | |
|---|---|---|---|
| Month | 2020 | 2019 | % Change (+increase/- decrease) |
| Jan | | | 0% |
| Feb | | | 0% |
| Mar | | | 0% |
| Apr | | | 0% |
| May | | | 0% |
| Jun | | | 0% |
| Jul | | | 0% |
| Aug | | | 0% |
| Sep | | | 0% |
| Oct | | | 0% |
| Nov | 9 | | 0% |
| Dec | 13 | | 0% |
| | 22 | - | 0% |

| Location: | Flight Frequency Summary | | |
|---|---|---|---|
| Month | 2020 | 2019 | % Change (+increase/- decrease) |
| Jan | 4,704 | 4,613 | 2% |
| Feb | 4,275 | 3,916 | 9% |
| Mar | 4,130 | 4,310 | -4% |
| Apr | 191 | 4,365 | -96% |
| May | 229 | 4,449 | -95% |
| Jun | 335 | 4,319 | -92% |
| Jul | 1,533 | 4,576 | -67% |
| Aug | 2,254 | 4,543 | -50% |
| Sep | 2,653 | 4,316 | -39% |
| Oct | 2,633 | 4,370 | -40% |
| Nov | 2,672 | 4,496 | -41% |
| Dec | 3,457 | 4,859 | -29% |
| | 29,064 | 53,132 | -45% |

# 2019 and 2020 Monthly Total Cargo Analysis by Location

| Location: | CARGO - LAGOS | | | CARGO - PHC | | |
|---|---|---|---|---|---|---|
| Month | 2020 | 2019 | % Change (+increase/- decrease) | 2020 | 2019 | % Change (+increase/- decrease) |
| Jan | 4,639,878 | 4,195,239 | 11% | 231,226 | 233,929 | -1% |
| Feb | 3,770,750 | 3,294,761 | 14% | 228,880 | 350,753 | -35% |
| Mar | 3,952,585 | 4,382,445 | -10% | 186,784 | 253,706 | -26% |
| Apr | 695,044 | 4,502,313 | -85% | 3,454 | 196,136 | -98% |
| May | 2,385,925 | 4,518,766 | -47% | 43,720 | 233,932 | -81% |
| Jun | 3,339,418 | 3,842,932 | -13% | 46,457 | 202,407 | -77% |
| Jul | 4,088,952 | 4,669,254 | -12% | 1,156 | 251,137 | -100% |
| Aug | 3,766,581 | 4,315,838 | -13% | - | 208,958 | -100% |
| Sep | 4,175,192 | 4,364,328 | -4% | 15,783 | 163,372 | -90% |
| Oct | 3,358,742 | 4,837,262 | -31% | - | 204,280 | -100% |
| Nov | 5,564,535 | 4,972,275 | 12% | - | 207,372 | -100% |
| Dec | 6,040,808 | 5,218,050 | 16% | 46,943 | 239,813 | -80% |
| | 45,778,410 | 53,113,463 | -14% | 804,403 | 2,745,795 | -71% |

| Location: | CARGO - ABUJA | | | CARGO - KANO | | |
|---|---|---|---|---|---|---|
| Month | 2020 | 2019 | % Change (+increase/- decrease) | 2020 | 2019 | % Change (+increase/- decrease) |
| Jan | 167,305 | 343,056 | -51% | 497,352 | 319,172 | 56% |
| Feb | 247,135 | 307,979 | -20% | 383,613 | 223,392 | 72% |
| Mar | 182,861 | 616,906 | -70% | 314,128 | 256,303 | 23% |
| Apr | 45,486 | 366,328 | -88% | 82,390 | 332,357 | -75% |
| May | 169,659 | 357,746 | -53% | 8,050 | 353,046 | -98% |
| Jun | 285,270 | 264,291 | 8% | 49,542 | 217,661 | -77% |
| Jul | 231,606 | 317,135 | -27% | 131,851 | 242,641 | -46% |
| Aug | 321,804 | 443,540 | -27% | 89,502 | 166,484 | -46% |
| Sep | 318,178 | 330,249 | -4% | 49,253 | 68,387 | -28% |
| Oct | 289,050 | 281,633 | 3% | 62,222 | 350,303 | -82% |
| Nov | 237,466 | 280,138 | -15% | 75,941 | 351,842 | -78% |
| Dec | 276,250 | 253,735 | 9% | 113,856 | 370,059 | -69% |
| | 2,772,070 | 4,162,736 | -33% | 1,857,700 | 3,251,647 | -43% |

| Location: | ENUGU | | |
|---|---|---|---|
| Month | 2020 | 2019 | % Change (+increase/- decrease) |
| Jan | - | 5,436 | -100% |
| Feb | | 3,012 | -100% |
| Mar | | 6,375 | -100% |
| Apr | - | 4,305 | -100% |
| May | | 135,354 | -100% |
| Jun | | 15,397 | -100% |
| Jul | - | 36,807 | -100% |
| Aug | - | 35,257 | -100% |
| Sep | | - | 0% |
| Oct | - | - | 0% |
| Nov | | - | 0% |
| Dec | - | - | 0% |
| | - | 241,942 | -100% |



2019 and 2020 Monthly Total Cargo Analysis by Location

Lagos Cargo 2019

| Month | IMPORT | EXPORT | COURIER | COA | TOTAL |
|---|---|---|---|---|---|
| JANUARY | 2,921,369 | 798,667 | 414,113 | 61,090 | 4,195,239 |
| FEBRUARY | 2,177,011 | 757,121 | 327,489 | 33,141 | 3,294,761 |
| MARCH | 3,018,036 | 915,731 | 406,670 | 42,008 | 4,382,445 |
| APRIL | 3,054,987 | 902,682 | 521,379 | 23,266 | 4,502,313 |
| MAY | 3,061,654 | 904,828 | 528,419 | 23,866 | 4,518,766 |
| JUNE | 2,673,882 | 741,159 | 394,812 | 33,078 | 3,842,932 |
| JULY | 3,260,905 | 779,023 | 448,239 | 181,087 | 4,669,254 |
| AUGUST | 3,092,640 | 798,979 | 317,608 | 106,611 | 4,315,838 |
| SEPTEMBER | 3,025,821 | 907,385 | 400,819 | 30,304 | 4,364,328 |
| OCTOBER | 3,552,030 | 836,809 | 416,151 | 32,273 | 4,837,262 |
| NOVEMBER | 3,501,789 | 878,586 | 528,304 | 63,596 | 4,972,275 |
| DECEMBER | 3,764,231 | 848,948 | 540,291 | 64,580 | 5,218,050 |
| TOTAL | 37,104,354 | 10,069,918 | 5,244,293 | 694,898 | 53,113,463 |

Lagos Cargo 2020

| Month | IMPORT | EXPORT | COURIER | COA | TOTAL |
|---|---|---|---|---|---|
| JANUARY | 675,259 | 438,777 | 46,964 | 4,639,878 | 5,800,877 |
| FEBRUARY | 2,355,281 | 879,029 | 485,237 | 51,203 | 3,770,750 |
| MARCH | 2,830,917 | 661,882 | 364,403 | 95,383 | 3,952,585 |
| APRIL | 556,587 | - | 99,447 | 39,010 | 695,044 |
| MAY | 1,585,594 | 494,593 | 262,603 | 43,135 | 2,385,925 |
| JUNE | 2,244,573 | 629,783 | 361,144 | 103,918 | 3,339,418 |
| JULY | 2,731,502 | 761,190 | 464,362 | 131,898 | 4,088,952 |
| AUGUST | 2,372,111 | 1,035,820 | 246,800 | 111,849 | 3,766,581 |
| SEPTEMBER | 3,132,838 | 1,128,543 | 180,543 | 116,482 | 4,558,407 |
| OCTOBER | 2,208,876 | 922,666 | 137,055 | 90,145 | 3,358,742 |
| NOVEMBER | 4,158,435 | 1,224,218 | 116,826 | 65,056 | 5,564,535 |
| DECEMBER | | | | | |
| TOTAL | 24,851,975 | 8,176,501 | 2,765,384 | 5,487,956 | 41,281,815 |

Company wide 2019

| Month | IMPORT | EXPORT | COURIER | COA | TOTAL |
|---|---|---|---|---|---|
| JANUARY | 3,748,783 | 860,183 | 414,113 | 73,753 | 5,096,831 |
| FEBRUARY | 2,952,959 | 857,593 | 327,489 | 41,856 | 4,179,896 |
| MARCH | 3,963,458 | 1,045,777 | 406,670 | 99,830 | 5,515,735 |
| APRIL | 3,822,337 | 993,112 | 521,379 | 64,611 | 5,401,439 |
| MAY | 3,980,213 | 982,044 | 528,419 | 108,168 | 5,598,844 |
| JUNE | 3,267,496 | 823,160 | 394,812 | 57,220 | 4,542,688 |
| JULY | 3,968,328 | 908,515 | 448,239 | 191,892 | 5,516,974 |
| AUGUST | 3,892,223 | 842,201 | 317,608 | 118,044 | 5,170,077 |
| SEPTEMBER | 3,522,620 | 965,032 | 400,819 | 37,865 | 4,926,336 |
| OCTOBER | 4,319,330 | 894,528 | 416,151 | 43,470 | 5,673,479 |
| NOVEMBER | 4,214,260 | 987,487 | 528,304 | 81,576 | 5,811,627 |
| DECEMBER | 4,544,294 | 907,175 | 540,291 | 89,897 | 6,081,658 |
| TOTAL | 46,196,302 | 11,066,806 | 5,244,293 | 1,008,182 | 63,515,583 |

## 2019 and 2020 Monthly Total Cargo Analysis by Location

| | Company wide 2020 | | | | |
|---|---|---|---|---|---|
| Month | IMPORT | COURIER | EXPORT | COA | TOTAL |
| JANUARY | 4,250,070 | 438,777 | 786,743 | 60,171 | 5,535,761 |
| FEBRUARY | 3,047,613 | 485,237 | 1,018,775 | 78,753 | 4,630,378 |
| MARCH | 3,420,993 | 364,403 | 738,980 | 111,981 | 4,636,357 |
| APRIL | 670,434 | 99,447 | - | 56,493 | 826,374 |
| MAY | 2,365,042 | 262,603 | 495,043 | 43,780 | 3,166,468 |
| JUNE | 2,619,477 | 361,144 | 635,365 | 104,702 | 3,720,688 |
| JULY | 3,036,602 | 464,362 | 763,928 | 188,673 | 4,453,565 |
| AUGUST | 2,737,693 | 246,800 | 1,080,011 | 113,382 | 4,177,887 |
| SEPTEMBER | 3,132,838 | 180,543 | 1,128,543 | 116,482 | 4,558,407 |
| OCTOBER | 2,534,082 | 137,055 | 945,231 | 93,646 | 3,710,014 |
| NOVEMBER | 4,434,367 | 116,826 | 1,244,438 | 82,311 | 5,877,942 |
| DECEMBER | 4,986,903 | 192,428 | 1195246 | 103,381 | 6,477,959 |
| TOTAL | 37,236,117 | 3,349,626 | 10,032,303 | 1,153,754 | 51,771,799 |

## INTERNATIONAL FLIGHT INBOUND AND OUT BOUND PASSENGERS

| 2020 | | |
|---|---|---|
| LOCATION | PAX INBOUND | PAX OUTBOUND |
| LOS | 374765 | 398470 |
| ABV | 99,561 | 100,123 |
| PHC | 11,249 | 15,769 |
| ENU | 0 | 0 |
| KNN | 10,789 | 10,379 |
| **TOTAL** | **496,364** | **524,741** |



## PROXY FORM

The 40th Annual General Meeting of **Nigerian Aviation Handling Company Plc** (nahco aviance) will be held at Providence Hotel, Mantis Oba Akinjobi Crescent Ikeja GRA, Lagos, Nigeria on Friday, 30th July, 2021 at 11.00 am.

I/We ........................................................................................................ being a member/members of

Nigerian Aviation Handling Company Plc hereby appoint ..........................................................

or failing him the Chairman of the meeting as my/our proxy to act and vote for me/us at the Annual General Meeting of the Company to be held on Friday 30th July 2021 and at any adjournment thereof.

Dated this _______ day of ___________2021

Shareholder's Signature

| | Resolutions | For | Against | Abstain |
|---|---|---|---|---|
| **1.** | To lay before the meeting the Audited Financial Statements for the year ended 31st December 2020 together with the Report of the Directors, External Auditors and Audit Committee thereon. | | | |
| 2. | To declare a dividend. | | | |
| 3. | To re-elect the following Non-Executive Directors:<br>a. Engr. Solagbade Olukayode Alabi<br>b. Mrs. Abimbola Adunola Adebakin<br>c. Sir Sunday Nnamdi Nwosu, KSS | | | |
| 4. | To elect Professor Enyinna Ugwuchi Okpara as a Non-Executive Director. | | | |
| 5. | To authorize the Directors to fix the remuneration of the External Auditors. | | | |
| 6. | To disclose the remuneration of managers of the Company | | | |
| 7. | To elect members of the Audit Committee. | | | |
| 8. | To approve the remuneration of the Directors of the Company for the year ending December 31, 2021. | | | |
| 9. | "That Article 84 of the Memorandum and Articles of Association of the Company be and is hereby altered | | | |

by deleting the words "Until otherwise determined by the Members at general meeting, the number of Directors shall not be less than seven (7) and shall not be more than eleven (11)" and substituting them with the words "Until otherwise determined by the Members at general meeting, the number of Directors shall not be less than seven (7) and shall not be more than twelve (12)".

Please indicate "X" in the appropriate space how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed' the proxy will vote or abstain from voting at his/her discretion.

**NOTES:**

Please sign this form and post it to reach the address overleaf not later than 48 hours before the time of holding the meeting. If executed by a corporation, this form should be sealed with its common seal. Shareholder's name to be inserted in BLOCK LETTERS please. In case of joint shareholders, *any* one of such *may* complete this form, but the names of all joint holders must be inserted. In view of the COVID-19 pandemic, the Corporate Affairs Commission (CAC) has approved that the AGM be conducted by proxy. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her/its place. A proxy need not be a member of the Company. Following the normal practice, the Chairman of the meeting has been entered on the form to ensure that someone will be at the meeting to act as your proxy, but you may insert in the blank space the name of *any of the following listed persons* who will attend the meeting and vote on your behalf instead:

1. Mr. Seinde Oladapo Fadeni (Chairman) or
2. Mrs. Olatokunbo Adenike Fagbemi (GMD/CEO) or
3. Sir Sunday Nnamdi Nwosu, KSS, or
4. Mrs. Adebisi Oluwayemisi Bakare or
5. Mr. Mathiew Akinlade.

**NIGERIAN AVIATION HANDLING COMPANY PLC**
**40TH ANNUAL GENERAL MEETING SHAREHOLDERS ADMISSION CARD**

Please admit the shareholder on this form or his/her/its duly appointed proxy to the 40th Annual General Meeting to be held at Providence Hotel, Mantis Oba Akinjobi Crescent Ikeja GRA, Lagos, Nigeria on Friday, 30th July, 2021 at 11.00 am.

Name of Shareholder ------------------

Number of Shores Held ------------------

Signature of Person attending ------------------

Note: This form should be completed, signed, torn off and produced by the Shareholder or his/her/its duly appointed proxy in order to gain entrance to the venue of the meeting.

The Registrar
Cardinal Stone Registrars Limited
358, Herbert Macaulay Road,
Yaba, Lagos.
P.O. Box 9117, Lagos,
Nigeria





# MANDATE FORM

NIGERIAN AVIATION HANDLING COMPANY (nahco aviance)
Mandate for Dividend payment to banks

TO:
The Registrar,
CardinalStone Registrars Ltd.
358, Herbert Macaulay Road,
P.O. Box 9117,
Lagos

I hereby request that from now on, all my dividend warrants due to me from my holdings in Nigerian Aviation Handling Company Plc be paid directly to my bank named below:

SHAREHOLDER'S FULL NAME (Surname first) ______________________

SHAREHOLDER'S ADDRESS ______________________

SHAREHOLDER'S SIGNATURE ______________________

BANK'S NAME ______________________

BANK'S BRANCH ______________________

BANK ADDRESS ______________________

ACCOUNT NUMBER ______________________

For Banks use only

Official Stamp and Authorised Signature

Page Number/Name

We agree to the Customer's request as stated above

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