

**TRANS-NATIONWIDE EXPRESS PLC**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2016**

<b>CONTENTS</b>	<b>PAGE</b>
Corporate information	1
Results at a glance	2
Report of the directors	3
Corporate governance report	8
Report of the auditors	13
Report of the audit committee	14
Statement of profit or loss and other comprehensive income	15
Statement of financial position	16
Statement of changes in equity	17
Statement of cash flows	18
Notes to the financial statements	19
Statement of value added	33
Five-year financial summary	34

**CORPORATE INFORMATION**

- Directors:** Dr. Oladiran Fawibe - Chairman  
Mrs. Chidinma Iheme - Managing Director/CEO  
Mr. Kayode Ajakaiye  
Dr. Obinani Okoli - (Resigned wef. 01/06/2016)  
Air Cdr. Dan Suleiman (Rtd) OFR, CON.  
Mrs. Nneka Ikejiani  
Alhaji Umar B. Jimada  
Miss Oluwatosin Adebayo  
Mrs. Aderonke Fatade  
Mr. Ejike U. Okoli -(Appointed wef 20/07/2016)
- Registered office:** Plot 28, Oshodi Apapa Expressway,  
Oshodi,  
**Lagos, Nigeria.**  
Tel : 01 – 8042411, 4714983, 7911695  
Email: tranex@tranex-ng.com
- Secretaries:** Cautious Services Limited,  
Cautious House,  
23 Road, G. Close, House 4,  
Festac Town,  
**Lagos.**  
Tel:08033052441, 08033372451  
*Email: cautiouscafeozlabor@yahoo.com*
- Registrars:** Cardinal Stone (Registrars) Limited  
358, Herbert Macaulay Way,  
Besides St. Dominic Catholic Church,  
Yaba,  
P. O. Box 9117, Lagos.
- Registered number:** RC. 61750
- Auditors:** HLB Z.O. Ososanya & Co.,  
(Chartered Accountants),  
Bank of Agriculture Building,  
Plot 7, NERDC Road,  
Ikeja Central Business District,  
Alausa, Ikeja,  
P.O. Box 1433, **Lagos.**  
Tel: 01-7747861  
*Email. zoocolagos@yahoo.com*
- Bankers:** Access Bank Plc  
Diamond Bank Plc  
Eco Bank Plc.  
Fidelity Bank Plc,  
First Bank of Nigeria Plc,  
Keystone Bank Limited  
Skye Bank Plc  
Zenith Bank Plc.

**RESULTS AT A GLANCE**

<b>For the year:</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>%</b>
Turnover	803,724	798,557	1
Profit before taxation	30,292	75,678	(59)
Profit after taxation	20,186	50,972	(60)
Dividend	19,882	19,882	-
Share capital	99,410	99,410	-
Shareholders' funds	427,387	428,085	-
	=====	=====	===
<b>Per share data</b>			
Based on ordinary share of 50k:-			
Earnings per 50k share	10k	26k	(62)
Dividend per share (kobo)	10k	10k	-
Net assets per 50k share	215k	215k	-
Number of employees	135	149	(9)

**REPORT OF THE DIRECTORS**

The directors have pleasure in submitting their report and the audited financial statements of the company for the year ended 31st December, 2016.

1. **Results**

The results for the year are summarized as follows:

	<b>2016</b>	<b>2015</b>
	<b>₦'000</b>	<b>₦'000</b>
Profit before taxation	30,292	75,678
Taxation	<u>(10,106)</u>	<u>(24,706)</u>
Profit after taxation	20,186	50,972
	=====	=====

2. **Legal form**

The company was incorporated as TNT SKYPAK NIGERIA LIMITED on 28<sup>th</sup> March, 1984 as a private limited liability company and on 6<sup>th</sup> September, 1992, the company's name was changed to Trans-Nationwide Express Plc as a public limited liability company.

3. **Principal business activities**

The company provides courier services, freight services, logistics, mail room management, haulage and e-commerce from its Headquarters in Lagos and 38 branches.

4. **Statement of directors' responsibilities in relation to the financial statements for the year ended 31<sup>st</sup> December, 2016**

The directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for the period; and which comply with the Companies and Allied Matters Act, CAP C20, LFN 2004.

The responsibilities include ensuring that:

- i. Proper accounting records are maintained
- ii. Internal control procedures are instituted which as far as is reasonably possible safeguard the assets, prevent and detect fraud and other irregularities.
- iii. Applicable accounting standards are followed
- iv. Suitable accounting policies are adopted and consistently applied.
- v. Judgments and estimates made are reasonable and prudent, and;
- vi. The going concern basis is used unless it is inappropriate to presume that the company will continue in business.

5. **Dividend**

The directors recommend to the shareholders the declaration of a dividend at the annual general meeting of 5 kobo per share. The dividend amounts to ₦9,941,000 (2015 10 kobo – ₦19,882,000). The dividend is subject to deduction of appropriate withholding tax at the time of payment.

6. **Directors and their interests**

The names of the present directors are as stated on page 1 of the financial statements:

In accordance with the Articles of Association, Dr. Oladiran Fawibe, Air Crd. Dan Suleiman (Rtd) and Miss Oluwatosin Adebayo retire by rotation and being eligible, offer themselves for re-election.

The interest of each director in the shares of the company is as stated below:

	<b>No. of Shares As at 31/12/16</b>	<b>% Holding As at 31/12/16</b>
Dr. Oladiran Fawibe	19,657,500	9.89
Air Cdr. Dan Suleiman (Rtd)	8,393,170	4.22
Dr. Obinani Okoli	7,976,703	4.01
Mr. Kayode Ajakaiye	2,250,031	1.13
Mrs. Chidinma Iheme	1,610,700	0.81
Mrs. Nneka Ikejiani	-	-
Alhaji Umar Jimada	-	-
Miss Oluwatosin Adebayo	100,000	0.05
Mrs. Aderonke Fatade	198,820	0.10

7. **Substantial shareholding**

The company's register of members shows that apart from the directors, the under listed shareholders hold above 5% of the issued and fully paid share capital of the company.

<b>Names</b>	<b>No of shares</b>	<b>% Holding</b>
Otunba Thomas Adebayo	11,617,861	5.84
Platform Nigeria Limited	20,387,530	10.25
Late Asiwaju Asalu Akintunde (Estate)	11,717,307	5.89
Chief Eric Nwobi	11,308,774	5.69

8. **Donations**

Donations made during the year amounted to NIL (2015- ₦137,050) .

9. **Director's interest in contracts**

For the purpose of Section 277 of the Companies and Allied Matters Act, CAP C20, LFN 2004, no director has notified the company of any declarable interest in contracts which the company is involved in during the year.

10. **Record of directors' attendance**

In accordance with Section 258(2) of the Companies and Allied Matters Act, the record of directors' attendance at board meetings during the year under review will be made available for inspection at the annual general meeting.

11. **Employment and employees**

*(i) Employment of disabled persons:*

The company maintains a policy of non-discrimination in considering application for employment positions including those from physically challenged persons. Applicants are employed based on merit and suitability for the job. All employees are given equal opportunities to perform and develop their career. Our recruitment and promotion policy ensures equity and is free from discriminatory bias of gender, ethnic origin, age, marital status, gender, sexual orientation, disability, religion and other diversity issues.

*(ii) Employees' involvement and training:*

The company is committed to keeping employees fully informed regarding its performance and progress. Opinions and suggestions of members of staff are sought and considered not only on matters affecting them as employees but also on the general business of the company.

Sound management and professional expertise are considered to be the company's major assets and investment in the future development of human resources continues to be a top priority. Each employee has a documented training and career development programme. To this end, short and long term training programmes are tailored to suit the requirements of both employees and the company. Employees are adequately rewarded and motivated to achieve results.

*(iii) Health, safety and welfare of employees:*

The company accords high priority to the health, safety and welfare of its employees both in and outside their place of work. The company provides for medical, housing, transportation etc.

12. **Property, plant and equipment**

Movements in fixed assets during the year are shown in note 9 on page 26. In the opinion of the directors, the market value of the company's assets is not less than the value shown in the accounts.

13. **Post balance sheet events:**

There were no post balance sheet events which could have a material effect on the state of the company's affairs as at 31<sup>st</sup> December, 2016 and on the profit or loss account for the year ended on that date which had not been adequately provided for.

14. **Compliance with regulatory requirements**

During the year, the company complied substantially with existing laws including the under listed laws/corporate governance guidelines and cooperated with regulatory agencies in the course of carrying out its activities.

- The Nigerian Stock Exchange Post-listing Rules
- The Securities and Exchange Commission's Code of Corporate Governance for Public Companies 2011.
- Companies and Allied Matters Act (CAP C20) LFN 2004
- International Corporate Governance Best Practices

15. **Analysis of shareholding:**

The issued and fully paid-up share capital of the company is 198,819,762 ordinary shares of 50k each. The share capital is 100% owned by Nigerians.

Statistical analysis of shareholding.

Range of shares	No of holders	%	Units	%
1-500	242	5.4975	57,875	0.0291
501-1,000	1,012	22.9896	776,032	0.3903
1,001-5,000	2,072	47.0695	4,698,965	2.3634
5,001-50,000	881	20.0136	13,232,022	6.6553
50,001-100,000	77	1.7492	5,877,251	2.9561
100,001-500,000	75	1.7038	16,413,047	8.2552
500,001-1,000,000	16	0.3635	11,175,884	5.6211
1,000,001-10,000,000	22	0.4998	71,314,372	35.8689
10,000,001-198,819,762	5	0.1136	75,274,314	37.8606
	4,402	100	198,819,762	100
	=====	=====	=====	=====

16. **Shareholding structure:**

As at 31<sup>st</sup> December, 2016 the fully paid ordinary share capital of the company was ₦99,409,881 divided into 198,819,762 ordinary shares of 50k each, and were beneficially held as follows:

**Shareholders**

	2016	%	2015	%
Nigerian Citizens	178,432,232	89.75	178,432,232	89.75
Platform Nigeria Limited	20,387,530	10.25	20,387,530	10.25
	198,819,762	100	198,819,762	100
	=====	=====	=====	=====

17. **Security trading**

The company has adopted a code of conduct with regard to securities transactions and the directors are aware of the restrictions imposed on them with regards to trading in the shares of the company during closed periods. The policy in place is obeyed by the directors and other senior employees who by virtue of their position constantly come in contact with price sensitive information.

Enquiries have been made and it is hereby stated that in respect of this financial statements and the interim accounts submitted in the course of the year under review none of the directors violated the rules relating to securities trading.



18. **Whistle blowing policy**

The company has a whistle blowing policy in place and covers, among other things, the procedures for the receipt, retention and treatment of information received from whistle blowers.

19. **Share Capital history**

The authorized ordinary share currently stands at ₦250,000,000 divided into 500,000,000 ordinary shares of 50 kobo each. The changes in the share capital of the company since incorporation are summarized below:

Year	Authorised (₦)		Issued & fully paid-up		Consideration
	Increase	Cumulative	Increase	Cumulative	
1984	-	500,000	-	500,000	Cash
1992	1,500,000	2,000,000	3,500,000	4,000,000	Cash
1996	14,000,000	16,000,000	12,000,000	16,000,000	Cash
1997	84,000,000	100,000,000	4,000,000	20,000,000	Bonus
1998	-	100,000,000	24,182,170	44,182,170	Cash
2006	150,000,000	250,000,000	22,091,085	66,273,255	Bonus
2010	-	250,000,000	33,136,628	99,409,881	Bonus

20. **Auditors**

Messrs HLB Z. O. Ososanya & Co, Chartered Accountants have indicated their willingness to continue in office as auditors of the company in accordance with the provision of Section 357 (2) of the Companies and Allied Matters Act, CAP C20, LFN 2004. A resolution will be proposed at the annual general meeting to authorize the directors to determine their remuneration.

**BY ORDER OF THE BOARD**



**CAUTIOUS SERVICES LIMITED**  
**(COMPANY SECRETARY)**  
**LAGOS, NIGERIA.**  
**FRC/2013/ICSAN/00000002873**

**23<sup>rd</sup> March, 2017**

## **CORPORATE GOVERNANCE REPORT**

Trans-Nationwide Express Plc remains committed to achieving and maintaining best practices in corporate governance by ensuring accounting of specific individuals, through mechanisms that reduces or eliminates procedural breaches.

We recognize that high corporate governance standards are a sinequanon for effective management and control of business. The transparency, which these bring to bear on our operations, is essential for optimizing the value and interests of the various stakeholders of our company, it is, also a major determinant of public and customer confidence in any Institution and, our goal is that Trans- Nationwide Express Plc is the industry barometer in the area of good corporate governance.

In furtherance of this commitment to high ethical conduct, we institutionalize a process of regularly reviewing our processes and practices to align them with the legislative and best practice changes in the global corporate governance environment.

Our efforts in this regard have been strengthened by key initiatives in the domestic regulatory environment. The launch in November, 2003 by the Securities and Exchange Commission (SEC) of the “Code of Corporate Governance” and subsequent reviews in 2008 (The Code) provided a useful backdrop for evaluating our efforts thus far. We have taken additional decisions to enhance our corporate governance far in excess of the expectations of “The Code”.

In keeping with the broad picture and specific requirements of “The Code” the Board has always taken its responsibilities for the cultural, ethical, legislative and institutional norms, which govern our operations very seriously. Consequently, the company’s top-end is organized in such a way that Directors are able to maintain a close watch on activities of the company. To facilitate and ensure process transparency, the Board has set up two (2) Board Committees to assist its oversight of “the affairs of the company in a lawful and efficient manner in such away as to ensure that the company is constantly improving its value creation as much as possible”.

The Board and the various Committees meet regularly, and there is full frank dialogue between Committee members and management on all major issues.

In addition, the Board has in place a performance evaluation process to ensure that Directors’ contribution to the goals and strategic objectives of the company are systematically measured based on pre-agreed and post evaluated criteria.

## CORPORATE GOVERNANCE REPORT (cont'd)

Trans-Nationwide Express Plc continues to maintain that the Board has ultimate responsibility for the overall functioning of the Company and hence, provides strategic direction for the Company. Our Board is stable, effective and independent. The nine (9) man-Board comprises a mix of one (1) Executive and eight (8) Non-Executive Directors,

All Directors are persons of high integrity, who are competent, knowledgeable and proficient in their professional career, business and vocation. The professional background of the Board members reflects these ideals. The Board, over the years, has exhibited significant and diversity in terms of depth and breath of experience, knowledge, attitude and skills.

### **Chairman and Chief Executive:**

The positions, functions and responsibilities of the Chairman and Managing Director continue to remain separate. While the Chairman is responsible for leadership and overall Board effectiveness, the Managing Director is responsible for the day to day management and administration of the Company and its overall performance.

### **Board meetings.**

The Board meetings were held on the following days: 17<sup>th</sup> March 2016, 20<sup>th</sup> July 2016, 15<sup>th</sup> September 2016 and 13<sup>th</sup> December, 2016.

Meeting and attendance of Board meetings during the year were as follows:

<b>Name</b>	<b>Designation</b>	<b>Number Meetings Held</b>	<b>Number of Meetings Attended</b>
Dr. Oladiran Fawibe	Chairman	4	4
Mrs. Chidinma Itheme	Managing Director	4	4
Miss Oluwatosin Adebayo	Non- Executive	4	3
Air Cdr. Dan Suleiman (Rtd) OFR,CON	Non- Executive	4	4
Mr. Kayode Ajakaiye	Non- Executive	4	4
Alhaji Umar Jimada	Non Executive	4	4
Mrs. Nneka Ikejiani	Non- Executive	4	3
Mr. Azubuike Ezeh	Alternate to Dr.Okoli	4	1
Mrs. Aderonke Fatade	Independent Director	4	2
Mr. Ejike U. Okoli	Non- Executive	4	2

The Board's functions are further dispensed through the two Board Committees indicated below, which work closely with the management to achieve their objectives.

Currently, the following are the standing committees of the Company.

**CORPORATE GOVERNANCE REPORT (cont'd)**

**1. Finance, Administrative and General Purpose committee:**

The Committee consists of four (4) Directors and the Head of Finance and is responsible for reviewing the details and making recommendation on finance and administration to the Board.

The Committee meetings were held on 9/6/16, and 24/11/16. Membership and attendance of meetings during the period under review were as follows:

<b>Name</b>	<b>Designation</b>	<b>Number of Meetings Held</b>	<b>Number of Meetings Attended</b>
Mr. Kayode Ajakaiye	Chairman	2	2
Mrs. Nneka Ikejiani	Member	2	2
Miss Oluwatosin Adebayo	Member	2	1
Mrs Chidinma Iheme	Executive	2	2
Mr Adekunle Adebisi	Head of Finance	2	2

**2. Business Development Committee:**

The Committee is composed of four (4) Directors and the Head of Commercial. The Committee has responsibility for reviewing the sales promotion and marketing strategies. The committee meets quarterly or as the need arises. The meetings were held on 25/08/2016, 14/09/2016 and 12/12 2016. Membership and attendance of meetings during the period under review were as follows:

<b>Name</b>	<b>Designation</b>	<b>Number Meetings Held</b>	<b>Number of Meetings Attended</b>
Air Crd. Dan Suleiman	Chairman	3	3
Alhaji Umar B. Jimada	Member	3	3
Fatade Aderonke	Member	3	1
Mrs. Chidinma Iheme	Executive	3	2
Mr. Adekunle Adebisi	Head of Finance	3	3
Ms Edith Nwobi	Head of Commercial	3	1

**BY ORDER OF THE BOARD**



**CAUTIOUS SERVICES LIMITED**  
**(COMPANY SECRETARY)**  
**LAGOS, NIGERIA.**  
**FRC/2013/ICSAN/0000002873**

## **COMPLAINTS MANAGEMENT POLICY**

### **Introduction**

This policy implements the Securities and Exchange Commission (SEC) rules relating to the Complaints Management framework of the Nigerian Capital market which requires every listed company to establish a clearly defined Complaints Management Policy to handle and resolve complaints within the purview of the framework.

### **Commitment**

The management of the Company is committed to ensuring that complaints are dealt with in a responsive, efficient, effective, fair and economical way. A senior officer is responsible for the operation of the system and the achievement of outcomes. The Company acknowledges the right of the public and its staff to complain when dissatisfied with a service, and encourages feedback from customers, clients, staff and the public generally; wants staff to be `complaints friendly` and not defensive or negative about feedback and recognizes that properly handled and analysed, complaints and feedback help the company to improve its business processes, and therefore ,time spent on handling complaints is an investment in better service to the public. The Policy affirms and supports the right of claimants and providers to provide feedback and to have complaints heard and actioned. It recognizes that feedback, both positive and negative, is essential in order to provide quality services that meet claimant`s needs. The Company is committed to dealing with complaints confidentially and with due respect and consumers and other complainants will not suffer any reprisal nor be victimized.

### **Application/Scope of policy**

The policy shall apply to all shareholders, staff including temporary staff, stakeholders, contractors and consultants- any other person who provides a service on a paid or voluntary basis to Trans-Nationwide Express Plc. This policy does not replace or override departmental policies and procedures regarding staff performance matters, official misconduct or disciplinary and grievance processes.

### **Assessment and Action**

Where appropriate, complaints and/or complainants are to be referred to regulatory authorities upon receipt; complaints would be dealt with fairly and objectively, natural justice would be observed wherever practicable, complaints be resolved with as little formality and disputation as possible, mediation, negotiation and informal resolution are optional alternatives to investigation, privacy and confidentiality are to be observed as far as possible, and anonymous complaints will be treated on their merits like any other.

### **Feedback**

Complainants will be advised of outcomes as soon as possible. After a decision is made, complainants will be given reasons for negative decisions, complainants will be advised of any available internal review options and/or any statutory external appeal options (e.g. to courts and tribunals), complainants will be advised of other review options upon inquiry and any internal problem revealed by a complaint will be communicated to the area responsible for possible systemic improvement and a senior officer will have responsibility for following this up.

**Audit Committee:**

The Audit Committee is composed of two (2) shareholders and two (2) Directors. It is chaired by a member representing the shareholders and meets four times during the year.

The committee's term of reference include:

- Reviewing reports on the Company's internal control system, accounting and reporting policies, the scope and planning of both the external and internal audit programme.
- Reviewing internal and external auditor's reports periodically.
- Evaluates the performance and effectiveness of the Company's external auditors and make recommendations to the Board as to their retention or change.
- Reviewing the Company's accounts before presentation and publication in all instances. The committee meets quarterly or as the need arises. The meetings were held on 21/1/16, 10/3/16, 28/7/16 and 3/11/16. Membership and attendance at meeting during the period under review were as follows:

<b>Name</b>	<b>Designation</b>	<b>No of meetings held</b>	<b>No. of meetings Attended</b>
Mrs. Nneka Ikejiani	Chairman	4	3
Rev. Olatunji Oyebanjo	Member	4	4
Mr. Kayode Ajakaiye	Member	4	4
Mr. Oluwaseun Olukoya	Member	4	2

**REPORT OF THE AUDITORS  
TO THE MEMBERS OF  
TRANS-NATIONWIDE EXPRESS PLC**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Trans-Nationwide Express Plc**, which comprise the statement of financial position as at 31<sup>st</sup> December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year ended 31<sup>st</sup> December 2016, a summary of significant accounting policies and other explanatory information set out on pages 15 to 34.

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of the company's financial position as at 31<sup>st</sup> December, 2016 in accordance with International Financial Reporting Standards (IFRS) and Financial Reporting Council of Nigeria, Act 2011 and in the manner required by Companies and Allied Matters Act of Nigeria and other statutory financial regulations.

**Basis for Opinion**

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

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

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, could be of most significance in our audit of the financial statements of the current period. We however, specifically highlight that there are no key audit matters pertaining to these financial statements.

**Directors Responsibility for the Financial Statements**

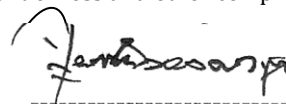
The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the Financial Reporting Council of Nigeria and the requirements of the Companies and Allied Matters Act, CAP C20 LFN, 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

**Report on other legal requirements**

The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii In our opinion, proper books of account have been kept by the company; and
- iii The company's statements of financial position and profit or loss and other comprehensive income are in agreement with the books of account.



  
-----

**Ososanya Olufemi Adesola**  
**FRC/2013/MULTI/00000005339**  
**For: HLB Z.O. Ososanya & Co.**  
**(CHARTERED ACCOUNTANTS)**

**Lagos, NIGERIA.**  
**24<sup>th</sup> March, 2017**

## **REPORT OF THE AUDIT COMMITTEE**

We, the Audit Committee members of Trans- Nationwide Express Plc, in accordance with the provisions of Section 359 (6) of the Companies and Allied Matters Act, CAP C 20, LFN 2004, have carried out the following statutory functions:

- Confirmed that the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices.
- Reviewed the scope and plan of the audit for the year ended 31<sup>st</sup>December, 2016.
- Reviewed the external and internal auditors' recommendations on accounting procedures and internal controls and management's responses thereon.

In our opinion, the scope and planning of the audit for the year ended 31<sup>st</sup>December, 2016 were adequate and management's responses to the Auditors' findings were satisfactory.



Mrs. Nneka Ikejiani

**Chairman. Audit Committee**

**FRC/2017/ICAN/**

**9<sup>th</sup> March, 2017**

Other Members of the Audit Committee are:

- |                          |   |        |
|--------------------------|---|--------|
| ➤ Mr. Kayode Ajakaiye    | - | Member |
| ➤ Mr. Oluwaseun Olukoya  | - | Member |
| ➤ Rev. Olatunji Oyebanjo | - | Member |

The Company Secretary (**Cautious Services Limited**) serves as the secretary to the Committee.

**9<sup>th</sup> March, 2017**

**LAGOS, NIGERIA**



**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Notes	2016 N'000	2015 N'000
<b>Revenue</b>	4	803,724	798,557
Direct costs	5	(360,288)	(310,732)
		-----	-----
<b>Gross profit</b>		443,436	487,825
Other income	6	3,236	1,591
Administrative expenses	7	(413,250)	(408,215)
Financial costs	8	<u>(3,130)</u>	<u>(5,523)</u>
Profit before taxation		30,292	75,678
Income tax expenses	19	<u>(10,106)</u>	<u>(24,706)</u>
Profit for the year		20,186	50,972
		=====	=====
 <b>Per share data (kobo)</b>			
Earnings- Basic		10k	26k

**STATEMENT OF FINANCIAL POSITION**

	Notes	2016 ₦'000	2015 ₦'000
<b>ASSETS:</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	187,868	199,464
		=====	=====
<b>Current assets</b>			
Short term financial assets	10	2,486	2,325
Inventories	11	7,102	6,853
Trade receivables	12	248,263	274,970
Other receivables	13	104,978	160,856
Cash and cash equivalents	14	13,886	11,799
<b>Total current assets</b>		<u>376,715</u>	<u>456,803</u>
		-----	-----
<b>Total assets</b>		564,583	656,267
		=====	=====
<b>EQUITY AND LIABILITIES</b>			
Share capital	15	99,410	99,410
Retained earnings	16	<u>327,977</u>	<u>328,675</u>
		-----	-----
<b>Total equity attributable to owners of the company</b>		427,387	428,085
		-----	-----
<b>Non-current liabilities</b>			
Deferred tax liabilities	17	<u>14,797</u>	<u>15,396</u>
		-----	-----
<b>Total non-current liabilities</b>		14,797	15,396
		-----	-----
<b>CURRENT LIABILITIES</b>			
Borrowing-overdraft	14	4,063	5,914
Trade and other payables	18	97,216	109,412
		-----	-----
Current tax liabilities	19	<u>21,120</u>	<u>97,460</u>
		-----	-----
<b>Total current liabilities</b>		122,399	212,786
		-----	-----
<b>Total liabilities</b>		137,196	228,182
		-----	-----
<b>Total equity and liabilities</b>		564,583	656,267
		=====	=====

  
-----

**Dr. Oladiran Fawibe – Chairman**  
 FRC/2013/IODN/00000002895

  
-----

**Mrs. Chidinma Itheme – Managing Director**  
 FRC/2013/IODN/00000002705

  
-----

**Adekunle Adebisi – Head of Finance**  
 FRC/2013/ICAN/00000002704

**STATEMENT OF CHANGES IN EQUITY**

	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>Share</b>	<b>Retained</b>		
	<b>Capital</b>	<b>Earnings</b>	<b>Total</b>	<b>Total</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
Balance at 1 <sup>st</sup> January	99,410	328,675	428,085	397, 499
Dividend paid	-	(19,882)	(19,882)	(19,882)
Prior year Adjustment	-	(1,002)	(1,002)	(504)
Profit for the year	-	20,186	20,186	50,972
Balance at 31 <sup>st</sup> December	99,410	327,977	427,387	428,085

**STATEMENT OF CASH FLOWS**

			<b>2016</b>	<b>2015</b>
	<b>Notes</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
<b>Cash flows from operating activities:</b>				
Cash received from customers		881,309	749,327	
Cash payments to suppliers and employees		<u>(750,080)</u>	<u>(682,957)</u>	
<b><i>Cash generated from operations</i></b>		131,229	66,370	
Interest paid	8	(3,130)	(5,523)	
Taxation paid	19(ii)	<u>(87,045)</u>	<u>(13,362)</u>	
<b>Net cash from operating activities</b>			41,054	47,485
<b><i>Cash flows from investing activities</i></b>				
Purchase of property, plant and equipment	9	(19,861)	(26,329)	
Proceeds from the sale of equipment		391	1,167	
Insurance claim		2,008	-	
Dividend received	6	<u>227</u>	<u>157</u>	
<b><i>Net cash outflow from investing activities</i></b>			(17,235)	(25,005)
<b>Cash flows from financing activities</b>				
Dividend paid	16	<u>(19,882)</u>	<u>(19,882)</u>	
<b>Net cash outflow from financing activities</b>			<u>(19,882)</u>	<u>(19,882)</u>
Net increase in cash & cash equivalents			3,937	2,598
Cash and cash equivalents at 1 <sup>st</sup> January			<u>5,886</u>	<u>3,288</u>
Cash and cash equivalents at 31 <sup>st</sup> December			9,823	5,886
			=====	=====

## NOTES TO THE FINANCIAL STATEMENTS

### 1. **Nature of operations and general information**

#### **Brief history**

The company was incorporated as TNT SKYPAK NIGERIA LIMITED on 28<sup>th</sup> March, 1984 as a private limited liability company and on 6<sup>th</sup> September, 1992, the company's name was changed to Trans-Nationwide Express Plc as a public limited liability company.

### 2. **Statement of compliance with IFRS**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB).

### 3. **Accounting policies**

The principal accounting policies applied in the presentation of the financial statements are set out below.

#### *a Basis of preparation*

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), its interpretations adopted by International Accounting Standard Board (IASB).

#### *b Principal business activities*

The company provides courier services, freight services, logistics, mail room management, haulage and e-commerce from its Headquarters in Lagos and 38 branches.

#### *c Presentation of financial statements in accordance with IAS 1*

The company has elected to present the statement of the comprehensive income only whilst incorporating items of income statement therein.

#### *d The company presents two period comparative financial position in these financial statements having met the standard specific requirements.*

### **KEY MANAGEMENT ASSUMPTIONS**

In preparing the financial statements, estimates and assumptions are made that could affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on factors such as historical experience and current best estimates of uncertain future events that are believed to be reasonable under the circumstances. No material changes to assumptions have occurred during the year.

***Functional currency and translation of foreign currencies***

Items included in these financial statements are measured using the currency of the primary economic environment in which the company operates. The functional currency of the company is Naira. All financial information presented in Naira has been rounded up to the nearest thousand unless otherwise stated.

Foreign currency transactions have been translated into the functional currency of the company using the exchange rate prevailing at the date of the transactions (spot exchange rate). Foreign exchange gain or loss arising from the settlement of such transactions and from translation at year end exchange rates of monetary assets and liabilities denomination in foreign currencies are recognized in statement of profit or loss.

***i. Revenue recognition***

Revenue represents the fair value of consideration received or receivable for sales of goods and services in the ordinary course of the company's activities and is stated net of Value Added Tax (VAT), rebates and discounts. The company recognizes revenue when the amount of revenue can be reliably measured; it is probable that future benefits will flow to the entity.

Dividends are recognized as income in the period in which the right to receive payment is established.

***ii Property, plant and equipment***

All categories of property, plant and equipment are initially recorded at cost. Buildings and freehold land are subsequently shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Costs may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and shown as other reserve in equity. Decreases that offset previous increases of the same assets are charged against the revaluation surplus; all other decreases are charged to profit or loss.

iii. ***Investment properties.***

Investment properties are properties held for capital appreciation or to earn rentals or both. Investment properties are measured at fair value with all changes in fair value recognized in profit or loss. The fair value is determined at the reporting date by an independent valuator based on market evidence of the most recent prices achieved in arm's length transactions of similar properties in the same area.

iv. ***Depreciation***

Depreciation on other assets is calculated using straight – line method to allocate their cost or revalued amounts to their residual values over the estimated useful lives, as follows:

▪ Buildings	2%
▪ Plant & machinery	12.5%
▪ Motor vehicles	25%
▪ Computer equipment	25%
▪ Furniture & fittings	12.5%
▪ Office equipment	12.5%
▪ Motorcycles	50%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. This was hinged on the premise that motorcycles get worn-out faster than motor vehicle thereby necessitating the change. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'gain or losses 'in other comprehensive income. When revalued assets are sold, the amounts included in revaluation reserves are transferred to retained earnings.

v. ***Intangible Assets***

**Computer Software**

Acquired computer licence is capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight line basis over their estimated useful lives (three to five years). The amortization period is reviewed at each reporting date.

vi. ***Financial instruments***

▪ **Financial Assets**

The company classifies its assets in the following categories: financial assets at fair value through profit or loss, loans and receivable and available- for- sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines classification of its financial assets at initial recognition.

- **Financial asset fair value through profit or loss**

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the directors.

Derivatives are also classified as held for trading. Assets in this category are classified as current asset if either held for trading or are expected to be realized within 12 months of the reporting dates. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The company does not apply hedge accounting.

- **Loans and receivables**

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

- **Available- for- sale financial assets**

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless directors intend to dispose of the investment within 12 months of the reporting date.

### ***Recognition and Measurement***

Purchases and sales of investments are recognized on the trade date, which is the date the company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Available- for- sale financial assets and financial assets through profit or loss are subsequently carried at fair value. Loans and receivables held-to-maturity investments are carried at amortized cost using the effective interest method.

Realized and unrealized gains or losses arising from the changes in fair value of the financial assets at fair value through profit or loss category are included in profit or loss in the period which they arise. Unrealized gains or losses arising from the changes in fair value of equity instruments classified as available-for-sale are recognized in the comprehensive income. When securities classified as available- for- sale are sold or impaired, the accumulated fair value adjustments are included in the profit or loss as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the recent use of arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances.



The company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in fair value of the security below its cost is considered in determining whether the securities are impaired. The company assesses the significance of a decline in the fair value below cost relative to the specific security's volatility, and regards a decline below cost of longer than 12 months to be prolonged. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit or loss. Impairment losses recognized in the profit or loss on equity instruments are not reversed through the profit or loss.

***Offsetting financial instruments***

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

vii. ***Leases***

The Company acquired some properties, plant and equipment on a finance lease. The interest on lease is recognized as an expense under finance cost and charged to statement of comprehensive income.

viii. ***Inventories***

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the weighted average method. Net realizable value is the estimate of the selling price in the ordinary course of business, less cost of completion and selling expenses.

ix. ***Receivables***

Receivables are recognized initially at fair value and subsequently measured at amortized cost using effective interest method less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect the entire amount due according to the original terms of receivables. Significant financial difficulties of the debtors, probability that debtor will enter bankruptcy and default or delay payment (more than 30 days overdue), are the indicators that trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss within administrative cost. When trade receivable is uncollectible, it is written against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative costs in the profit or loss.

The amount of the provision is the difference between the carrying amount and the present value of the future estimate cash flows, discounted at the original effective discount rate.

x. ***Cash and cash equivalents***

Cash and cash equivalents includes cash in hand, deposit held at call with banks, other short term highly liquid investments with original maturity of three months or less, and bank overdrafts.

xi. ***Employee benefits***

**Retirement benefit obligations**

The company operates a retirement benefits scheme for its employees in accordance with the provision of the Pension Reforms Act of 2004. The Scheme is funded through monthly contribution of 8.5% and 7.5% by the company and the employees respectively. These contributions are recognized in the statement of comprehensive income.

xii. ***Provisions***

A provision is recognized only if, as a result of past event, the company has a present legal or constructive obligation that can be reliably estimated, and it is probable that a transfer of economic benefits will be required to settle the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at reporting date.

xiii. ***Current and deferred income tax***

Income tax expense is the aggregate of the charge to profit or loss in respect of current and deferred income tax.

Current income tax is the amount of income tax payable of taxable profit for the year determined in accordance with the relevant tax legislation.

Education tax is provided at 2% of assessable profits of companies operating within Nigeria.

Deferred Income tax is provided in full, using liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Current and deferred income tax is determined using tax rates and laws enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

xiv. ***Borrowings***

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for 12 months after the reporting date.

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method; any differences between proceeds (net of transaction costs) and the redemption value is recognized in the profit or loss over the period of the borrowings, using the effective interest rate method.

***Borrowing costs***

Borrowing cost are recognized as expense in the period in which they are incurred, except when they are directly attributable to the acquisition, construction or production of qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

xv. ***Dividend***

Dividends payable to the company's shareholders are recognized as a liability in the period in which they are declared and approved by the shareholders.

	<b>2016</b>	<b>2015</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>4. REVENUE</b>		
Courier Services	611,877	654,298
Logistics income	45,209	18,246
Internal mailing income	37,678	37,655
Mail bag income	36,962	37,102
Mass mailing income	10,130	16,121
Freight income	43,378	18,977
Warehousing income	<u>18,490</u>	<u>16,158</u>
	803,724	798,557
	=====	=====
<b>5. DIRECT COST</b>		
Direct operating expenses	200,398	177,471
Logistic expense	21,356	7,612
Internal mailing expense	29,806	30,704
Mass mailing expense	4,919	5,210
Mail bag expense	19,649	18,303
Freight expense	26,781	11,077
Warehousing expense	4,296	4,724
Direct delivery cost	<u>53,083</u>	<u>55,631</u>
	360,288	310,732
	=====	=====
Note:	Direct cost increased from ₦311m to ₦360m due to the following among others:	
i.	Increase in Petrol price from ₦87.00 to ₦145.00 – 67%	
ii.	Increase in Diesel price from ₦155.00 to ₦255.00- 65%	
	Being a logistic company these increases adversely affected the direct operational cost.	
<b>6. OTHER INCOME</b>		
Insurance claim	2,008	-
Bad debts recovered	-	150
Gain on investment valuation (financial assets)	161	(387)
Interest on short term deposit	-	78
Dividend income	227	157
Exchange rate gain	449	789
Profit on assets disposal	<u>391</u>	<u>804</u>
	3,236	1,591
	=====	=====
<b>7. ADMINISTRATIVE EXPENSES</b>		
Personnel cost	215,794	222,454
Administrative cost	166,000	150,908
Depreciation	<u>31,456</u>	<u>34,853</u>
	413,250	408,215
	=====	=====
<b>8. FINANCIAL COST</b>		
Bank charges	3,130	3,485
Interest on lease	<u>-</u>	<u>2,038</u>
	3,130	5,523
	=====	=====

## 9. Property, Plant and Equipment

Details of the company's property, plant and equipment and their carrying amounts are:

	Land ₦'000	Building ₦'000	Motor Vehicles ₦'000	Office equipment ₦'000	Furniture & Fittings ₦'000	Motor Cycles ₦'000	Plant & machinery ₦'000	Computer Equipment ₦'000	Total ₦'000
<b>COST</b>									
At 01/01/2016	55,000	88,926	161,108	10,568	9,631	31,376	5,112	21,670	383,391
Additions	-	3,950	9,712	1,470	523	1,502	995	1,709	19,861
Disposals	-	-	(1,250)	-	-	(9,698)	-	-	(10,948)
<b>At 31/12/2016</b>	<u>55,000</u>	<u>92,876</u>	<u>169,570</u>	<u>12,038</u>	<u>10,154</u>	<u>23,180</u>	<u>6,107</u>	<u>23,379</u>	<u>392,304</u>
<b>DEPRECIATION</b>									
At 01/01/2016	-	2,450	121,901	8,863	7,780	22,916	2,298	17,719	183,927
Charge for the year	-	1,818	20,002	583	669	6,021	660	1,704	31,457
Disposals	-	-	(1,250)	-	-	(9,698)	-	-	(10,948)
<b>At 31/12/2016</b>	<u>-</u>	<u>4,268</u>	<u>140,653</u>	<u>9,446</u>	<u>8,449</u>	<u>19,239</u>	<u>2,958</u>	<u>19,423</u>	<u>204,436</u>
<b>CARRYING AMOUNTS</b>									
At 31/12/2016	<u>55,000</u>	<u>88,608</u>	<u>28,917</u>	<u>2,592</u>	<u>1,705</u>	<u>3,941</u>	<u>3,149</u>	<u>3,956</u>	<u>187,868</u>
At 31/12/2015	<u>55,000</u>	<u>86,476</u>	<u>39,207</u>	<u>1,705</u>	<u>1,851</u>	<u>8,460</u>	<u>2,814</u>	<u>3,951</u>	<u>199,464</u>

10. <b>SHORT TERM FINANCIAL ASSETS</b>	<b>2016</b>	<b>2015</b>
	<b>₦'000</b>	<b>₦'000</b>
12,801 units of Stanbic IBTC shares	192	102
80,356 units of Zenith Bank Plc shares	1,195	507
185,952 units of Access Bank Plc shares	1,062	1,548
30,000 units of Fidelity Bank Plc shares	25	240
23,625 units of Skye Bank Plc shares	12	315
Change in value of shares	<u>-</u>	<u>(387)</u>
	2,486	2,325
	=====	=====

The above equity instruments are being traded actively on the floor of the Nigerian Stock Exchange; such that the market price is the fair value.

They are stated at cost and valued at the market price. The gain/loss arising from the valuation is included in the statement of profit or loss and other comprehensive income.

11. <b>INVENTORIES</b>	<b>2016</b>	<b>2015</b>
	<b>₦'000</b>	<b>₦'000</b>
Inventories included in the statement of financial position are analysed as follows:		
Courier fliers	4,102	5,544
Airway bills	<u>3,000</u>	<u>1,309</u>
	7,102	6,853
	=====	=====

Inventories are measured at the lower of cost and net realizable value. Cost comprises of suppliers invoice price, handling charges and other costs incurred in bringing the inventories to their present location and condition. The inventories are not pledged as securities for liabilities.

	<b>2016</b>	<b>2015</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>12. TRADE RECEIVABLES</b>		
<b>HEAD OFFICE</b>		
Between 1 and 3 months	126,308	160,621
Between 4 and 6 months	30,904	18,719
Between 7 and 12 months	6,122	7,939
Above 1 year	27,725	27,179
<b>BRANCHES</b>		
Between 1 and 3 months	33,777	37,914
Between 4 and 6 months	8,797	8,795
Between 7 and 12 months	3,116	5,310
Above 1 year	<u>16,134</u>	<u>13,334</u>
	252,883	279,811
Allowance for credit losses	<u>(4,620)</u>	<u>(4,841)</u>
	248,263	274,970
	=====	=====
<p>The carrying value of trade receivables is considered a reasonable fair value and has been stated at amortized cost less any impairment.</p>		
<b>13. OTHER RECEIVABLES</b>		
Other debtors	6,166	8,798
Staff debtors	2,956	2,238
Prepayments	8,153	16,098
Withholding tax (Note 20)	<u>87,703</u>	<u>133,722</u>
	104,978	160,856
	=====	=====
<b>14. CASH AND CASH EQUIVALENTS</b>		
Cash balances	169	106
Bank balances	<u>13,717</u>	<u>11,693</u>
	13,886	11,799
Bank overdraft	<u>(4,063)</u>	<u>(5,914)</u>
	9,823	5,885
	=====	=====

15. <b>SHARE CAPITAL</b>	<b>2016</b>	<b>2015</b>
	<b>₦'000</b>	<b>₦'000</b>
<i>Authorised:</i>		
500,000,000 ordinary shares 50k each	250,000	250,000
	=====	=====
<i>Issued and fully paid:</i>		
<i>Ordinary shares:</i>		
At start period	99,410	99,410
Bonus issue reserve	-	-
	<u>99,410</u>	<u>99,410</u>
	=====	=====
	<b>2016</b>	<b>2015</b>
	<b>₦'000</b>	<b>₦'000</b>
16. <b>RETAINED EARNINGS</b>		
Balance at 1 <sup>st</sup> January, 2016	328,675	298,089
Prior year adjustment	(1,002)	-
Investment adjustment	-	(504)
Dividend paid	(19,882)	(19,882)
Profit for the year	<u>20,186</u>	<u>50,972</u>
	<u>327,977</u>	<u>328,675</u>
	=====	=====
17. <b>DEFERRED TAX</b>		
Balance as at 1 <sup>st</sup> January, 2016	15,396	14,425
Charge/release for the year	<u>(599)</u>	<u>971</u>
Balance at 31 <sup>st</sup> December, 2016	<u>14,797</u>	<u>15,396</u>
	=====	=====
18. <b>TRADE AND OTHER PAYABLES</b>	<b>2016</b>	<b>2015</b>
	<b>₦'000</b>	<b>₦'000</b>
Trade creditors	11,078	16,315
Other creditors	15,003	17,452
Accruals	<u>71,135</u>	<u>75,645</u>
	<u>97,216</u>	<u>109,412</u>
	=====	=====

19. **TAXATION**

**(i) Statement of profit or loss:**

Income tax	9,504	21,585
Tertiary education tax	<u>1,201</u>	<u>2,150</u>
	10,705	23,735
Deferred tax (Note 17)	<u>(599)</u>	<u>971</u>
	10,106	24,706
	=====	=====

**(ii) Per statement of financial position:**

	<b>2016</b>	<b>2015</b>
	<b>₦'000</b>	<b>₦'000</b>
Balance at 1 <sup>st</sup> January	97,460	87,087
Charge for the year	10,705	23,735
Payment during the year	<u>(87,045)</u>	<u>(13,362)</u>
	21,120	97,460
	=====	=====

The charge for income tax in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C20, LFN 2004 (as amended) and the Tertiary Education Tax Act, CAP E4 LFN 2004.

20. **WITHHOLDING TAX**

	<b>2016</b>	<b>2015</b>
	<b>₦'000</b>	<b>₦'000</b>
At 1 <sup>st</sup> January	133,722	126,750
Addition in the year	872	18,374
Tax offset	<u>(46,891)</u>	<u>(11,402)</u>
	87,703	133,722
	=====	=====



	2016	2015
	N'000	N'000
<b>21. Dividend</b>		
Prior year dividend declared	19,882	19,882
Payments during the year (Note 16)	<u>(19,882)</u>	<u>(19,882)</u>
	-	-
	=====	=====

In respect of the current year, the directors proposed that a dividend of 5 kobo per 50k ordinary share amounting to ~~N~~9,941,000 million to be paid to shareholders. The dividend is subject to approval by shareholders at the Annual General Meeting. Consequently, it has not been included as a liability in these financial statements.

**22 PROFIT BEFORE TAXATION**

Profit before taxation is stated after charging:

Directors' fee	3,228	3,010
Auditors remuneration	2,100	2,100
Depreciation	31,456	34,853
	=====	=====

**23 INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

**23.1 Average number of persons employed in the financial year under review and the staff cost were as follows:**

**Staff employed:**

Management staff	6	4
Senior staff	7	8
Supervisors	32	28
Junior staff	<u>90</u>	<u>109</u>
	135	149
	====	====

The number of employees with gross earnings within the bands stated were:

	N	N		
350,001 -	450,000	82	72	
450,001 -	550,000	40	60	
550,001 -	650,000	6	11	
650,001 -	950,000	1	2	
950,001 -	Above	<u>6</u>	<u>4</u>	
		135	149	
		====	====	

**23.2 Emoluments:**

	2016	2015
	N'000	N'000
Chairman	540	540
Other Directors	<u>8,222</u>	<u>7,881</u>
	8,762	8,421
	=====	=====
As Directors fee	3,228	3,010
Emoluments as Executive	<u>5,534</u>	<u>5,411</u>
	8,762	8,421
	=====	=====

## **24 COMMITMENTS AND CONTINGENT LIABILITIES**

### **24.1 *Financial Commitments***

The company did not charge any of its assets to secure liabilities of third parties. The directors are of the opinion that all known liabilities and commitments have been taken into account in the preparation of these financial statements.

These liabilities are relevant in assessing the company's state of affairs.

### **24.2 *Contingent liabilities***

There are contingent liabilities in respect of legal actions against the company. Management has not made provision for these contingent liabilities as consultation with the company's external Solicitors has indicated that the likely outcome of the legal action will favour the company.

## **25 RECLASSIFICATION OF PRIOR YEAR BALANCES**

Certain prior year balances have been reclassified to conform with current year presentation format.

## **26. Approval of financial statements**

The financial statements were approved by the Board of directors on 23<sup>rd</sup> March, 2017.

**STATEMENT OF VALUE ADDED**

<b>Year ended 31<sup>st</sup> December</b>	<b>2016</b>		<b>2015</b>	
	<b>₦'000</b>	<b>%</b>	<b>₦'000</b>	<b>%</b>
<b>Turnover</b>	803,724		798,557	
Other income	<u>3,236</u>		<u>1,591</u>	
	806,960		800,148	
Bought-in materials & services	<u>(526,288)</u>	—	<u>(461,640)</u>	—
<b>Value added</b>	280,672	100	338,508	100
	=====	=====	=====	=====
<b>APPLIED AS FOLLOWS:</b>				
<b>In payment to employees:</b>				
Wages, salaries and other benefits	215,794	77	222,454	66
<b>In payment to providers of funds:</b>				
Finance cost	3,130	1	5,523	2
<b>In payment to government:</b>				
Income tax	9,504	4	21,585	6
Education tax	1,201	-	2,150	1
<b>Retained for future replacement of assets and expansion of business:</b>				
Deferred tax	(599)	-	971	-
Depreciation	31,456	11	34,853	10
Profit and loss account	<u>20,186</u>	<u>7</u>	<u>50,972</u>	<u>15</u>
	280,672	100	338,508	100
	=====	=====	=====	=====

Value added represents the additional wealth which the company has been able to create by its own and its employees' efforts. The statement shows the allocation of that wealth among the employees, providers of funds, government and that retained for future creation of more wealth.

### FIVE-YEAR FINANCIAL SUMMARY

Year ended 31 <sup>st</sup> December	IFRS 2016 ₦'000	IFRS 2015 ₦'000	IFRS 2014 ₦'000	IFRS 2013 ₦'000	NGAAP 2012 ₦'000
<b><i>ASSETS EMPLOYED</i></b>					
Property, plant & equipment	187,868	199,464	208,352	60,682	45,856
Investment property	-	-	-	220,000	220,000
Short term financial assets	2,486	2,325	1,938	2,662	2,008
Inventories	7,102	6,853	9,372	3,993	2,681
Trade receivables	248,263	274,970	237,809	246,763	237,098
Other receivables	104,978	160,856	148,637	113,393	90,701
Cash & cash equivalents	<u>13,886</u>	<u>11,799</u>	<u>21,353</u>	<u>17,439</u>	<u>6,723</u>
	564,583	656,267	627,461	664,932	605,067
	=====	=====	=====	=====	=====
<b><i>EQUITY AND LIABILITIES</i></b>					
Share capital	99,410	99,410	99,410	99,410	99,410
Retained earnings	327,977	328,675	298,089	282,100	215,107
Reserve for bonus shares	-	-	-	-	-
Deferred tax liabilities	14,797	15,396	14,425	45,056	71, 580
Deferred revenue	-	-	-	48,968	52,368
Borrowing-overdraft	4,063	5,914	18,066	4,582	9,105
Trade & other liabilities	97,216	109,412	110,384	93,194	63,838
Tax liabilities	<u>21,120</u>	<u>97,460</u>	<u>87,087</u>	<u>91,622</u>	<u>93,659</u>
	564,583	656,267	627,461	664,932	605,067
	=====	=====	=====	=====	=====
<b><i>TURNOVER &amp; PROFIT</i></b>					
Turnover	803,724	798,557	718,016	716,915	601,473
Profit before taxation	30,292	75,678	49,476	72,665	56,168
Taxation	(10,106)	(24,706)	17,295	4,767	(90,559)
Profit/(loss) after taxation	20,186	50,972	66,771	77,432	(34,391)
	=====	=====	=====	=====	=====
<b><i>PER 50K SHARE DATA (KOBO)</i></b>					
Earnings per share	10	26	34	39	(17)
Dividend per share	5	10	10	10	5