

ABC TRANSPORT PLC

CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2021

ABC TRANSPORT PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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ABC TRANSPORT PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors submit their report together with the audited financial statements for the year ended 31 December 2021.

1 OPERATING RESULT

	2021	2020
	N'000	N'000
Profit/Loss for the year after taxation	<u>(263,767)</u>	<u>(619,412)</u>

2 LEGAL FORM

ABC Transport Plc was incorporated as a Private Limited Company on April 5, 1993 and was converted to a Public Limited Liability Company on November 21, 2005. The shares were quoted on the Nigerian Stock Exchange on December 20, 2006. As approved by the Shareholders at the Annual General Meeting of 12th August, 2011, the Company's name was changed from Associated Bus Company Plc to ABC Transport Plc in 2011.

3 PRINCIPAL ACTIVITIES

Principal activity of the company is road transportation. It provides both long and short haul bus services; consolidated cargo and Haulage services within Nigeria and the West African sub-region.

4 DIRECTORS AND DIRECTORS' INTERESTS

No Director has any disclose-able interest in contracts in which the company was involved during the year under review.

5 DIRECTORS' RESPONSIBILITIES

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 each financial year and of the profit or loss for that period and which comply with the Companies and Allied Matters Act 2020. In doing so they ensure that:

- proper accounting records are maintained;
 - internal control procedures are instituted which as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities;
 - applicable accounting standards are followed;
 - suitable accounting policies are adopted and consistently applied;
 - judgments and estimates made are reasonable and prudent; and
 - the going concern basis is used, unless it is inappropriate to presume that the Company will continue in business.
- Internal control procedures are instituted which, as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities.

6 Directors' Shareholdings:

S/N	Name	Direct	Indirect	Direct	Indirect
		Interest as at Dec. 2021	Interest as at Dec. 2021	Interest as at Dec. 2020	Interest as at Dec. 2020
1	Mr. Olumide Obayomi	110,000	5,720,000	110,000	5,720,000
2	Mr. Francis Nneji	626,000,000	75,901,087	617,699,198	-
3	Mr. Jude Nneji	18,202,508	-	18,202,508	-
4	Alh. Kabiru Yusuf	1,100,000	-	1,100,000	-
5	Mr. John Okoro	907,253	-	907,253	-
6	Mr. Bamidele Asije	700,000	279,835,881	700,000	279,835,881
7	Mr. Rex Okoro	-	-	-	-

Prince Olumide Obayomi, Mr. Francis Nneji and Mr. Bamidele Asije have indirect shareholdings through Royal Funbay Limited, Rapido Ventures Ltd. and Drolemoc Farms Limited respectively.

ABC TRANSPORT PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021

7 PROPERTY, PLANT & EQUIPMENT

Movements in fixed assets during the year are shown in the financial statement.

8 POST BALANCE SHEET EVENTS

There are no significant post balance sheet events which have not been provided for in these accounts.

9 MAJOR SUPPLIERS:

The Company's significant local suppliers are:

F. O. Obison Int'l Agency

Chidel Ventures Ltd.

Jibeco Nigeria Limited

Obidiegwu Enterprises

Kwereson Ent. Nigeria Limited – Lagos

Ideal Standard Services

1st Magnificent Energy Ltd.

Amanni Oil and Gas

Iyke Paulson Co. Nig. Ltd.

10 DONATIONS

The following amounts have been given by way of donations and gifts during the year under review.

	N'000
Book launch	40,000
Youth Empowerments	219,000
Corporate gifts	2,411,250
Condolences, Burial, Weddings, etc.	1,611,706
	<u>4,281,956</u>

There was no donation or gift made to any political party, political association or for any political purpose in the course of the year under review.

11 EMPLOYMENT AND EMPLOYEES

1) Employment and Employees

ABC Transport Plc is an equal opportunity employer concerned with the retention of staff and strives to remain the employer of choice within the road transport sector. The company provides a total compensation package that enables it to attract and retain highly skilled and qualified employees while recognizing the need to manage payroll costs.

2) Employment of Disabled Persons

The Company has reviewed its employment policy in line with the needs of the business. A policy of the Company stipulates that there should be no discrimination in considering applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunities to develop.

3) Work Environment

The Company strives to ensure a safe working environment for its employees. Health and safety regulations are in force within the Company's premises and employees are aware of existing regulations. Subsidies are provided to all levels of employees for medical, transportation, housing etc.

4) Employee Involvement, Development and Training

Training workshops and seminars are organized regularly for employees at all levels. The Company places a great premium on the involvement of its employees in the attainment of its goals. It is also committed to keeping them informed about its progress and performance. The Company equally seeks the views of its employees particularly concerning matters which directly affect them.

ABC TRANSPORT PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021

Formal meetings are held amongst staff within the operational zones and suggestions and opinions of employees are sought and considered on the general operations of the company as well as matters affecting them.

Career development of each employee and succession planning are major priorities of the company. The employees of the company attend short and long term training programmes which are tailored to meet the needs of both the employee and company. Employees are adequately rewarded and motivated to achieve results.

5) Health, safety at work and welfare of employees

The company considers the health, safety and welfare of its employees of paramount importance. In pursuance of this, the company has a group life insurance policy and pension scheme. It has also retained the services of healthcare providers across various locations. Safety standards are adhered to in the workplace. The employees of the company are currently enrolled by the company to the National Health Insurance Scheme.

6) Safety Policy

ABC places a high premium on the safety of its passengers and crew while on transit. To this end, the company organizes quarterly safety re-orientation and training programmes for its crew. All the vehicles in our fleet are fitted with tracking devices and speed limiters which monitor the speed of the vehicles. For the period under review, the accident rate of the company's fleet was well within acceptable limits, with a large number of the recorded accidents attributable to the errors and miscalculations of other road users.

12. COMPLAINTS MANAGEMENT POLICY

ABC Transport Plc has in place a Complaints Management Policy in accordance with the requirement of the Securities and Exchange Commission. The policy sets out the broad framework for receiving, registering and handling shareholders and investors complaints in an impartial, confidential and timely manner.

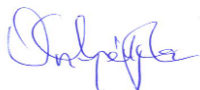
13. SECURITIES TRADING POLICY

ABC Transport Plc has a Securities Trading Policy which applies to all employees and Directors. The policy applies to all employees that may at any time possess any insiders or material information about the company. The trading policy includes the need to enforce confidentiality against external advisers.

14. INDEPENDENT AUDITORS

In accordance with section 401(2) of the Companies and Allied Matters Act 2020, PKF Professional Services (Accountants and Business Advisers) has indicated their willingness to continue in office as the Company's Auditors. A resolution will be proposed authorising the Directors to determine their remuneration.

BY ORDER OF THE BOARD



Onyekachukwu C. Chigbo, Esq.
Company Secretary/Legal Adviser
FRC/2020/002/00000021630
Imo State,
Nigeria.

Dated this 26th day of March 2022

ABC TRANSPORT PLC

REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF ABC TRANSPORT PLC

In compliance with Section 404(4) of the Companies and Allied Matters Act (CAMA) 2020, we, the members of the Audit Committee of ABC Transport Plc, having carried out our statutory functions under the Act hereby report that:

1. The scope and planning of both the external and internal audit programs for the year ended 31st December, 2021 were adequate in our opinion.
2. The accounting and reporting policies of the company are in conformity with statutory requirements and agreed ethical practices.
3. The company's systems of accounting and internal controls were adequate.
4. Having reviewed the External Auditors' findings and recommendations on management matters, we are satisfied with management's response thereon.

Finally, we acknowledge Management's co-operation in the conduct of these duties.

The members of the Statutory Audit Committee for the 2021 financial year were:

Mr. Chibuzor Eke (Chairman)	Shareholders' Representative
Mr. Jude Okpala	Shareholders' Representative
Mr. Kenneth Nnabuike Nwosu	Shareholders' Representative
Mr. Jude Nneji	Directors' Representative
Alh. Kabiru Yusuf	Directors' Representative
Barr. Onyekachukwu C. Chigbo	Company Sec/ Sec. of Committee

Dated 26th March, 2022.



MR. CHIBUZOR EKE
Chairman, Audit Committee
FRC/2013/NIMN/0000004670

ABC TRANSPORT PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Companies and Allied Matters Act, 2020, requires the Directors to prepare consolidated 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 and other comprehensive income. The responsibilities include ensuring that the group:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the group and comply with the requirements of the Companies and Allied Matters Act, 2020;
- b) establishes adequate internal controls to safeguard its asset and to prevent and detect fraud and other irregularities; and
- c) prepares its consolidated 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 consolidated financial statement, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; in compliance with Financial Reporting Council of Nigeria Act No. 6, 2011 and in the manner required by the Companies and Allied Matters Act, 2020.


The Directors are of the opinion that the consolidated 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 2021**. the Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of consolidated financial statements, as well as adequate systems of internal financial control.

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.



Prince Olumide Obayomi
Director
FRC/2014/ICAN/009248

Date: 26 March 2022



Mr. Francis Nneji
Director
FRC/2015/MANUN/0011771

Date: 26 March 2022

ABC TRANSPORT PLC

STATEMENT OF COMPLIANCE IN RELATION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 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.

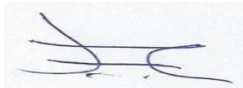
c) We:

- are responsible for establishing and maintaining internal controls.
- have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within the entity 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 auditor of the Company 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.



Mr. Francis Nneji
Managing Director/CEO
FRC/2015/MANUN/0011771

Date: 26 March 2022



Mr. Rex Okoro
Chief Finance Officer
FRC/2014/ICAN/007350

Date: 26 March 2022

Independent Auditor's Report

To the Shareholders of ABC Transport Plc

Opinion

We have audited the consolidated financial statements of ABC Transport Plc. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position at **31 December 2021**, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group at **31 December 2021**, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 and with the requirements of the Companies and Allied Matters Act, 2020.

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 Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in the audit
<p>a) Valuation of properties plant and equipment</p> <p>This a huge part of the consolidated financial statements of the group, thereby constituting high risk as it represents about 55% of the total assets of the group, hence our concerns, that assets stated in the consolidated financial statements could be misstated or not treated in line with the group's accounting policies. The estimate of such assets may be erroneous and the group may not apply appropriate depreciation rates in line with the group's accounting policies. We identified estimates placed on property, plant and equipment as a key audit matter due to correctness or otherwise of the value placed thereon.</p>	<p>Carried out detailed analytical review, performed test of control on property, plant and equipment and performed substantive audit test to ascertain the following:</p> <ul style="list-style-type: none"> • We performed analytical procedure to identify significant changes or trends in cost, depreciation, addition and disposal in the year. • We verified existence, ownership and cost of major new assets and ensured significant disposals have been properly accounted for. • We ensured that the accounting policies are appropriate and are consistently applied. • Examined significant leased agreements to ensure they have been appropriately classified and accounted for in accordance with IAS 17. • We reviewed and determined whether there has been any impairment in assets where the carrying amount may not be recovered. • We inquired from management whether any PPE has been assigned or pledge as collateral for loan. • We reviewed repairs and maintenance expense account for the period and determined whether there are any material items which should have been capitalised.
<p>b) Information technology (IT) systems and control over financial reporting</p> <p>Significant part of the group financial reporting process is heavily reliant on IT systems with automated processes and controls over the capture, storage and extraction of information. A fundamental component of these processes of controls is ensuring appropriate user process and change management protocols exist, and are being adhered to.</p> <p>These protocols are important because they ensure that access and changes to IT systems and related data are made and authorised in an appropriate manner. The Company uses a vendor customised Enterprise Resource Planning Application - Fintrack. The Company has an IT division to manage the IT functions, and/or to assist with minor operational requirements and CompuData Nigeria Limited, the IT Vendor manages major operational challenges.</p> <p>In the event that the IT system failed, business operations will be disrupted/ hampered until systems are online.</p> <p>As our audit sought to place a high level of reliance on IT systems and application controls relating to financial reporting, a high proportion of the overall audit effort was on this area.</p>	<p>We focused our audit on those IT systems and controls that are significant for the Group financial reporting process.</p> <p>As audit procedures over IT systems and controls require specific expertise, we involved IT specialist in our audit.</p> <p>We assessed and tested the design and operating effectiveness of the Group's IT controls, including those over users access and changes management as well as date reliability.</p> <p>In a limited number of cases, we adjusted our planned audit approach as follows:</p> <ul style="list-style-type: none"> • We extended our testing to identify whether there had been unauthorised or inappropriate access or changes made to critical IT systems and related data; • Where automated procedures were supported by systems with identified deficiencies, we extended our procedures to identify and test alternative • Where required, we performed a greater level of testing to validate the integrity and reliability of associated data reporting.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's statement, Directors' Report; Audit Committee's Report, Corporate Governance Report and Company Secretary's report which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated 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 financial statements or our knowledge obtained in the audit, or otherwise appeared to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors and those charged with Governance for the consolidated financial statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 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 director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 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 Audit Committee 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 Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

- i) We have obtained all the information and explanations which to the best of our knowledge were necessary and useful for the purpose of our audit;
- ii) In our opinion, proper books of account have been kept by the Group and the Company in so far as appears from our examination of those books;
- iii) The Group and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



Olatunji Ogundeyin, FCA
FRC/2013/ICAN/0000002224
For: **PKF Professional Services**
Chartered Accountants
Lagos, Nigeria

Date: 26 March 2022



ABC TRANSPORT PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION


AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
Non-current assets					
Property, plant and equipment	14	3,014,527	3,284,811	2,220,875	2,615,345
Right of use assets	15	43,785	-	-	-
Intangible assets	16	26,718	18,664	26,433	18,264
Investment in subsidiaries	17	-	-	41,470	41,470
Financial assets - FVOCI	18.1	1,845	1,845	1,845	1,845
Financial assets - FVPL	18.2	16,362	15,510	16,361	15,508
Deferred tax asset	11.4	60,543	60,543	59,864	59,864
Total non-current assets		3,163,781	3,381,373	2,366,848	2,752,296
Current assets					
Inventories	19	761,815	801,235	230,295	214,698
Trade and other receivables	20	319,225	437,053	347,694	401,664
Other assets	21	1,459,345	746,700	342,569	281,932
Cash and bank balances	22	375,448	506,949	72,773	82,835
Current tax assets	11.3	1,776	1,722	-	-
Total current assets		2,917,608	2,493,658	993,331	981,129
Total assets		6,081,389	5,875,031	3,360,179	3,733,425
Equity and reserves					
Issued share capital	23.1	828,850	828,850	828,850	828,850
Share premium	23.2	558,916	575,391	558,916	575,391
Loss sustained	24	(770,478)	(617,318)	(801,780)	(538,013)
Other comprehensive income reserve	25	27,262	25,108	18,188	18,188
Shareholder's fund		644,550	812,031	604,174	884,416
Non-controlling interests	26	414,475	349,842	-	-
Total equity and reserves		1,059,025	1,161,873	604,174	884,416
Non-current liabilities					
Loans and borrowings	27	224,384	231,179	40,904	231,179
Post employment benefits - defined benefits	28	171,733	225,173	169,381	222,287
Provisions	29	78,713	78,959	78,713	78,959
Deferred tax liabilities	11.4	27,695	27,695	-	-
Total non-current liabilities		502,524	563,006	288,998	532,425
Current liabilities					
Loans and borrowings	27	1,075,813	561,368	707,625	561,368
Post employment benefits - defined contribution	28	295,653	264,843	295,653	264,843
Current tax liabilities	11.2	361,302	204,846	145,917	24,031
Trade and other payables	30	2,661,273	3,045,336	1,220,465	1,392,582
Deferred income	31	125,800	73,760	97,347	73,760
Total current liabilities		4,519,841	4,150,152	2,467,007	2,316,583
Total Liabilities		5,022,365	4,713,158	2,756,005	2,849,008
Total equity and liabilities		6,081,390	5,875,032	3,360,179	3,733,425

The consolidated financial statements were approved by the Board of Directors on **26 March 2022** and signed on its behalf by:



Prince Olumide Obayomi
Chairman
FRC/2014/ICAN/009248



Mr. Francis Nneji
Managing Director/CEO
FRC/2015/MANUN/0011771



Mr. Rex Okoro
Chief Finance Officer
FRC/2014/ICAN/007350

The accompanying notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

ABC TRANSPORT PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Group		Company	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
Continuing operations					
Revenue	5.1	6,569,540	7,751,099	4,464,144	3,606,124
Direct costs	5.2	<u>(5,488,683)</u>	<u>(6,527,831)</u>	<u>(3,769,548)</u>	<u>(3,303,213)</u>
Gross profit		1,080,857	1,223,268	694,597	302,911
Other operating income	7.1.	120,032	41,670	77,565	31,835
Investment income	7.2.	-	-	-	-
Interest income	7.3	2,859	55,123	1	5,000
Net fair value gains on financial assets through profit or loss	7.4.	853	1,131	853	1,131
Other gains	7.5.	424,613	235,834	424,613	235,834
Impairment losses	8	-	(11,991)	-	(11,991)
Administrative expenses	9.1	<u>(1,291,702)</u>	<u>(1,615,496)</u>	<u>(1,156,865)</u>	<u>(967,066)</u>
Operating profit/(loss)		337,513	(70,462)	40,764	(402,346)
Finance costs	10	<u>(196,830)</u>	<u>(253,079)</u>	<u>(158,615)</u>	<u>(193,964)</u>
Profit/(loss) before income tax		140,683	(323,540)	(117,850)	(596,310)
Income tax expense	11	<u>(229,232)</u>	<u>(155,346)</u>	<u>(145,917)</u>	<u>(23,102)</u>
Loss from continuing operations		<u>(88,549)</u>	<u>(478,886)</u>	<u>(263,767)</u>	<u>(619,412)</u>
Attributable to:					
Equity shareholders		<u>(153,160)</u>	<u>(578,179)</u>	<u>(263,767)</u>	<u>(619,412)</u>
Non-controlling interests	26	<u>64,611</u>	<u>99,293</u>	<u>-</u>	<u>-</u>
		<u>(88,549)</u>	<u>(478,886)</u>	<u>(263,767)</u>	<u>(619,412)</u>
Other Comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation	25	-	-	-	-
Net fair value loss on equity investments designated at FVOCI	25	-	-	-	-
Items that may be reclassified subsequently to profit or loss					
Net exchange differences on translating foreign operations	25	<u>2,176</u>	<u>102,915</u>	<u>-</u>	<u>-</u>
Other comprehensive income		<u>2,176</u>	<u>102,915</u>	<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(86,373)</u>	<u>(375,971)</u>	<u>(263,767)</u>	<u>(619,412)</u>
Attributable to:					
Equity shareholders		<u>(151,006)</u>	<u>(476,293)</u>	<u>(263,767)</u>	<u>(619,412)</u>
Non-controlling interests	26	<u>64,633</u>	<u>100,322</u>	<u>-</u>	<u>-</u>
		<u>(86,373)</u>	<u>(375,971)</u>	<u>(263,767)</u>	<u>(619,412)</u>
Basic and diluted loss per share (Kobo)	12	(5)	(29)	(16)	(37)

The accompanying notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

ABC TRANSPORT PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 N'000	2020 N'000	2021 N'000	2020 N'000
Cash flows from operating activities					
Loss for the year		(88,549)	(478,886)	(263,767)	(619,412)
Adjustment for:					
Depreciation and amortisation	14	778,713	861,144	715,306	811,381
Adjustment to opening balance and translation difference in PPE	14	8,573	18,707	-	-
Other items of property, plant and equipment derecognised	14	-	-	-	-
Write off property, plant and equipment	14	-	11,991	-	11,991
Fair value gain on financial assets - FVTPL	18.2	(853)	(1,131)	(853)	(1,131)
Interest income	7.3	(2,859)	(55,123)	(1)	(5,000)
Interest expense	10	196,830	253,079	158,615	193,964
Net exchange differences on translating foreign operations	25	27,284	102,915	-	-
Pension deducted	28.2	69,918	59,597	69,918	59,597
Write back on defined benefit obligation scheme	28.3	(3,957)	-	(3,957)	-
Over provision of tax	11.5	-	(4,903)	-	(4,903)
Income tax expense	11	229,232	160,249	145,917	28,005
Transfer to WIP		46,133	18,443	-	18,443
Profit on disposal of property, plant and equipment	7.5	(384,214)	(60,627)	(384,214)	(60,627)
Impairment (writeback)/charge on other assets	21	(44,443)	12,769	(28,245)	8,423
Impairment charge on related party	20.5	-	-	63,122	1,651
Impairment (write back)/charge on trade receivables	20.2	(17,606)	(7,954)	6,620	(7,954)
Impairment (writeback)/charge on staff receivables	20.4	(5,240)	39,727	(5,240)	13,389
		808,962	929,996	473,221	447,816
Changes in:					
Current tax assets	11.3	(54)	(1,345)	-	-
Inventories	19	39,419	76,087	(15,597)	23,989
Trade and other receivables	20.4	117,828	(202,198)	(53,971)	36,905
Other assets	21	(712,645)	(9,167)	8,691	61,662
Provisions	29	(247)	7,546	(247)	7,546
Trade and other payables	30	(384,063)	1,320,111	(172,117)	364,959
Deferred income	31	52,040	(117,840)	23,587	(7,205)
		(78,758)	2,003,190	263,567	935,672
Cash generated from operating activities					
Tax paid using withholding tax certificate	11.5	-	-	-	-
Tax paid through cash	11.5	(72,776)	(100,200)	(24,031)	(3,418)
Pension remitted	28.2	(39,107)	(21,900)	(39,107)	(21,900)
Employee benefit paid	28.3	(49,483)	(25,965)	(48,949)	(25,815)
		(240,124)	1,855,125	151,480	884,538
Net cash (used in)/ from operating activities					
Cash flows from investing activities:					
Investments in financial assets - FVTPL additions	18.2	-	-	-	-
Investments in financial assets - FVTPL withdrawals	18.2	-	4,998	-	5,000
Purchase of property, plant and equipment	14	(695,834)	(1,245,986)	(409,863)	(814,149)
Purchase of intangible assets	16	(15,594)	(4,951)	(15,594)	(4,494)
Proceeds on sale of property plant and equipment		477,918	123,736	466,547	123,736
Interest received	7.3	2,859	55,123	1	5,000
		(230,651)	(1,067,080)	41,091	(684,907)
Net cash (used in)/ from investing activities					
Cash flows from financing activities:					
Additional loans and borrowings	27	837,075	314,646	300,000	314,646
Repayment of loans and borrowings	27	(419,232)	(301,954)	(334,833)	(301,954)
Finance costs	10	(196,830)	(253,079)	(158,615)	(193,964)
		221,012	(240,387)	(193,447)	(181,272)
Net cash from /(used in) financing activities					
Net (decrease) / increase in cash and cash equivalents					
Cash and cash equivalents at 1 January		302,615	(245,043)	(121,500)	(139,859)
		52,853	302,615	(122,377)	(121,500)
Cash and cash equivalents at 31 December	22.1	52,853	302,615	(122,377)	(121,500)

The accompanying notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

ABC TRANSPORT PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

Attributable to equity holders - the Group

	Issued share capital N'000	Share premium N'000	Retained earnings N'000	OCI reserves N'000	Non controlling interests N'000	Total N'000
At 1 January 2020	<u>828,850</u>	<u>575,391</u>	<u>(39,139)</u>	<u>(76,778)</u>	<u>249,520</u>	<u>1,537,844</u>
Changes in equity for 2020:						
Profit for the year	-	-	(578,179)	-	99,293	(478,886)
Remeasurement of defined benefit obligation	-	-	-	-	-	-
Net exchange differences on translating foreign operations	-	-	-	101,886	1,029	102,915
Net fair value loss on equity investments designated at FVOCI	-	-	-	-	-	-
Transactions with owners, recorded directly in equity:						
Dividend paid	-	-	-	-	-	-
At 31 December 2020	<u>828,850</u>	<u>575,391</u>	<u>(617,318)</u>	<u>25,108</u>	<u>349,842</u>	<u>1,161,873</u>
At 1 January 2021	<u>828,850</u>	<u>575,391</u>	<u>(617,318)</u>	<u>25,108</u>	<u>349,842</u>	<u>1,161,873</u>
Changes in equity for 2021:						
Loss for the year	-	-	(153,160)	-	64,611	(88,549)
Remeasurement of defined benefit obligation	-	(16,475)	-	-	-	(16,475)
Net exchange differences on translating foreign operations	-	-	-	2,154	22	2,176
Net fair value loss on equity investments designated at FVOCI	-	-	-	-	-	-
Transactions with owners, recorded directly in equity:						
Dividend paid	-	-	-	-	-	-
31 December 2021	<u>828,850</u>	<u>558,916</u>	<u>(770,478)</u>	<u>27,262</u>	<u>414,475</u>	<u>1,059,025</u>

The accompanying notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

ABC TRANSPORT PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

Attributable to equity holders- the Company					
	Issued share capital N'000	Share premium N'000	Retained earnings N'000	OCI reserves N'000	Total N'000
1 January 2020	<u>828,850</u>	<u>575,391</u>	<u>81,399</u>	<u>18,188</u>	<u>1,503,828</u>
Changes in equity for 2020:					
Profit for the year	-	-	(619,412)	-	(619,412)
Remeasurement of defined benefit obligation	-	-	-	-	-
Net fair value loss on equity investments designated at FVOCI	-	-	-	-	-
Transactions with owners, recorded directly in equity:					
Dividend paid	-	-	-	-	-
31 December 2020	<u>828,850</u>	<u>575,391</u>	<u>(538,013)</u>	<u>18,188</u>	<u>884,416</u>
1 January 2021	<u>828,850</u>	<u>575,391</u>	<u>(538,013)</u>	<u>18,188</u>	<u>884,416</u>
Changes in equity for 2021:					
Loss for the year	-	-	(263,767)	-	(263,767)
Remeasurement of defined benefit obligation	-	(16,475)	-	-	(16,475)
Net fair value loss on equity investments designated at FVOCI	-	-	-	-	-
Transactions with owners, recorded					
Dividend paid	-	-	-	-	-
31 December 2021	<u>828,850</u>	<u>558,916</u>	<u>(801,780)</u>	<u>18,188</u>	<u>604,174</u>

The accompanying notes and statement of significant accounting policies form an integral part of these consolidated financial statements.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

1.1 The Group

These consolidated financial statements comprise the financial statements of ABC Transport Plc (referred to as "the company" and its subsidiaries (together referred to as "the group"). The company which became a public liability company in 2005 equally owns 99% in ABC Transport in Ghana to provide transport service, 50% equity stake in Transit Support Services Ltd, a trading company engaged in the importation and sales of vehicle spares and installation of motor vehicle speed governing devices, and a 5% stake in ABC Express Courier (ABEX) Ltd. In October 2014, Transit Support Services Ltd commenced the assembly of heavy duty trucks under the automotive policy of the Federal Government of Nigeria. The assembly is carried out in partnership with the Shanxi Group of China (owners of the Shacman franchise) and the Anambra Motor Manufacturing Company of Nigeria.

1.2 Corporate office

The registered office address of the company is Kilometre 5, MCC/Uratta Road, Umuoba Uratta, P. O. Box 2575, Owerri, Imo State.

1.3 Principal activities

The principal activities of the group are road transportation, cargo business across the road passenger network, haulage activities, importation and sales of vehicle spares, installation of motor vehicle speed governing devices, assembly of heavy duty trucks under the automotive policy of the Federal Government of Nigeria and hospitality business.

2.2 Basis of preparation

2.1 Statement of compliance with IFRSs

These consolidated financial statements are the financial statements of the company and its subsidiaries (together, "the group"). The consolidated financial statements for the year ended **31 December 2021** have been prepared in line with IFRS 10 on Consolidated Financial Statements in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011.

Additional information required by local regulators are included where appropriate.

The consolidated financial statements comprise of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated the statement of changes in equity, consolidated the statement of cashflows and notes to the financial statements.

2.2 Basis of measurement

These consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except as modified by actuarial valuation of staff gratuity and fair valuation of financial assets and liabilities where applicable. The liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the total of the plan assets, plus unrecognized actuarial gains, less unrecognized past service cost and unrecognized actuarial losses while the plan assets for defined benefit obligations are measured at fair value.

2.3 Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates, it also requires management to exercise its judgment in the process of applying the group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and therefore the group's consolidated financial statements present the financial position and results fairly.

i Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have significant effect on the amount recognised in the interim condensed financial statements:

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

ii Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3.29, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

iii Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

iv Determination of impairment of property, plant and equipment, and

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The group applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

v Determination of collateral Value

Management monitors market value of collateral in a regular basis. Management uses its experienced judgement on independent opinion to adjust the fair value to reflect the current circumstances. The amount and collateral required depend on the assessment of credit risk of the counterpart.

The Directors believes that the underlying assumptions are appropriate and that the Group's consolidated financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the notes.

vi Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the discounted cash flow (DCF) 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. Judgements 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. See Note 44 for further disclosures.

2.4 Going concern consideration

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, 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 are prepared on the going concern basis.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2.5 Functional and presentation currency

These consolidated financial statements are presented in Nigerian Naira, which is the group's functional currency except as indicated in these consolidated financial statements, financial information presented in Naira has been rounded to the nearest thousand.

2.6 Basis of consolidation

The consolidated financial statements incorporate the financial statement of ABC Transport Plc and its subsidiaries made up to 31 December each year.

Subsidiaries are entities over which the Group has control. IFRS 10 defines control as having these three elements: (a) power over an investee, (b) exposure or rights to variable returns from involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns.

Although the equity interest of the Group in Transit Support Service Limited is 50%, control is predicated on the fact that: (i) The managing director of ABC Transport Plc owns the other 50% equity of the equity share; (ii). An executive director in ABC Transport Plc represents the company on the Board of Transit Support Services Ltd; and (iii) ABC Transport Plc is a major customer to Transit Support Services Ltd, which deals on vehicle consumable and speed governing devices.

All intra-group transactions, income and expenses are eliminated in full on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly by ABC Transport Plc. Non-controlling interests are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position separately from the parent shareholders' equity.

Associates are those entities over which the Group can exercise significant influence, but not control or joint control. Investment in associate is accounted for in the financial statements using the equity method. Investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share in the net assets of associate, less any impairment in value. The statement of profit or loss reflects the Group's share of the results of the operations of associate.

2.7 New standards, amendments and interpretations issued but not yet effective

2.7.1 Summary of new and amended standards issued and effective from January 2021

a) Amendments to IFRS 9 and IFRS 7: Interest Rate Benchmark Reform and the effects on financial reporting

The amendments applicable to annual periods beginning on or after January 1, 2021, with early application permitted. The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as Inter-bank Offered Rates (IBORs). The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform.

b) Amendments to IAS 1 and IAS 8: Definition of Material

The amendments, applicable to annual periods beginning on or after 1 January 2021, clarify the definition of material and how it should be applied by including in the definition guidance that previously featured elsewhere in IFRS.

2.7.2 Standards Issued and Effective on or after 1 January 2021

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

The amendments applicable to annual periods beginning on or after 1 January 2023, aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

b) Amendments to IAS 16: proceeds before intended use

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted. It amends the standard to prohibit 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 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 cost of producing those items, in profit or loss.

c) Amendments to IAS 37: Onerous contracts

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted. The changes in Onerous Contracts — Cost of Fulfilling a Contract specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

d) Amendments to IFRS 16: COVID-19-related rent concessions

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorised for issue at 28 May 2020. The amendment is also available for interim reports. The changes in Covid-19-Related Rent Concessions (Amendment to IFRS 16) amend IFRS 16 to

- 1) provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification;
- 2) require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications;
- 3) require lessees that apply the exemption to disclose that fact; and require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures.

The main change from the proposal in the exposure draft is that the IASB had proposed that the practical expedient should only be available for lease payments originally due in 2020. However, after having considered the feedback to the exposure draft, the IASB decided to extend this period to June 2021 to also capture rent concessions granted now and lasting for 12 months.

2.8 Interpretations Issued and Effective on or after 1 January 2021

a) IFRS 9 Financial Instruments

This amendment clarifies that – for the purpose of performing the '10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

b) IFRS 16 Leases

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

Amendments relating to long term interest in associates and joint ventures.

c) Annual Improvements 2018-2020 Cycle:

- IFRS 1, First-time Adoption of International Financial Reporting Standards
- IFRS 9, Financial Instruments
- IFRS 16, Leases
- IAS 41, Agriculture

3. Summary of significant accounting policies

The significant accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements unless otherwise indicated.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3.1 REVENUE FROM CONTRACT WITH CUSTOMERS

The Group is principally engaged in the following businesses

1. Road passenger transportation
2. Cargo and courier logistics
3. Haulage
4. Importation, assembly and sales of motor vehicles and motor vehicle spare parts and speed limiting devices.
5. Hospitality services.

The Group considers and applies the five-step model of IFRS 15 in the measurement and recognition of revenue from contracts with customers, as follows:

Contracts with the customers

The Group enters into several forms of contract in the ordinary course of business.

- Contracts with passengers through the issue of travel tickets.
- Contracts with manufacturing companies for dedicated trucking services.
- Contracts with guests for accommodation.
- Contracts for third-party assembly of vehicles at the Transit Support Services Ltd assembly facility.
- Contracts for sale of both locally assembled and imported vehicles, vehicle spare parts and speed limiting devices
- After sales servicing contracts for motor vehicles and speed limiting devices.

Contracts with passengers, for delivery of loads and parcels as well as hospitality are usually short-term with payments for the service made in advance. Contractual terms are therefore usually as indicated on ticket foils, waybill leaflets, website and on-line booking platforms, notices and advertorials, and verbally.

Contracts for dedicated trucking are usually of a longer term and are material on a stand-alone basis. These contracts are usually consummated by Service Level Agreements (SLA) which detail performance obligations of both parties. Obligations usually include capacity requirement, delivery destinations, lead times, safety standards, payment terms, surcharges etc. The Group ensures that the duration of all contracts as well as terms for subsequent renewals and termination, are well spelt out in the contracts. Payment under this arrangement is made at agreed intervals usually on a monthly basis.

For the trading business, contracts are reflected in pro-forma invoices issued to customers and purchase orders placed thereon.

The Group is sometimes engaged to carry out vehicle assembly for third parties at her assembly plant. The terms of these contracts are usually captured in well documented agreements specifying the specifications of the vehicles, production timelines product testing, payment terms, amongst others.

There are also arrangements with clients in e-commerce business, where wallets are maintained for cargo shipment to various locations to the customers of the clients. These wallets are replenished on a continuous basis.

Collectability: The Group carries out credit appraisals before extension of credit to customers in the cargo delivery business. Such clients are usually required to transact with the Company on cash basis for some period of time before consideration for credit facility. Clients in the dedicated haulage segment are usually blue-chips with good credit rating. Over 80% of the Groups revenue is collected upfront.

Revenue recognition and measurement

Revenue is measured at the fair value of the consideration received or receivable in respect of the performance obligation(s) identified in the contract with the customer.

The Group recognizes revenue when performance obligations are satisfied as follows:

- Passenger business- on successful conveyance of passengers to their destinations. Refunds from service failures are deducted from gross proceeds from ticket sales.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

On presentation of 10 tickets, a customer is awarded a free ticket for the next travel, hence revenue from passenger operations has two distinct obligations i.e obligation to convey passengers in the immediate to their destinations and award credit that will entitle a customer to a free ticket if he/she presents 10 tickets within the stipulated time frame. The consideration initially received for each travel is allocated between revenue and the award credit. The consideration allocated to award credits represents the amount that the entity has received for accepting an obligation to supply services to qualifying customers. This represents both the fair value of the awards on stand-alone basis and the Group's expectations regarding the proportion of credits that will be redeemed. A customer loyalty award obligation is recognized as a liability until the Group fulfils its obligations on them or the claim expires. Claims in respect of a particular year expire at the end of February of the succeeding year.

·Cargo delivery business- for first mile delivery contracts, revenue is recognized as soon as the shipment arrive the destination and for last mile, when the consignee acknowledges receipt of shipment.

·Dedicated haulage services. Revenue is recognized on successful delivery of consignments. Billings are however made at intervals not exceeding one month on the number of successfully completed trips. All issues relating to surcharges, penalties, demurrage etc are resolved with every invoicing.

· Hospitality- room revenue is recognized as soon the guest enjoys the accommodation for the period paid for. Revenue from incidental services such as food and beverages is recognized as the services are rendered to the customers.

·Sale contracts- revenue is recognized when control of the assets is passed on to the buyer.

· Third party assembly contracts- for third party vehicle assembly projects, it is usual for the customer provides the parts to be assembled into fully built units using the assembler plant and labour. The critical performance obligation under such contracts is the aggregation of the discrete parts into functional fully-built vehicles. Revenue under this circumstance will be recognized based on the number of fully-built units certified by the customer.

Variable consideration

Where a contract includes variable considerations, the Group estimates the amount of the variable consideration to which it will be entitled under the contract. The variable consideration is estimated at the inception of the contract and constrained until it is highly probable that a significant reversal will not occur in the cumulative revenue recognized when the associated uncertainty that could result in variability is resolved. While some form of variable consideration relating to route diversions, surcharges and penalties are contained in a few haulage contracts, these are of little or no impact as all variations are resolved in monthly cycles and adjustments duly reflected in the revenue of the periods to which they relate.

Significant financing component

The Group receives short-term deposits from e-commerce clients and sometimes on vehicle sales transactions. Short term credits are also extended to customers in the ordinary course of business. The Group (applying the practical expedient in IFRS 15) does not consider these arrangements as having significant financing component since these deposits and credits are usually for periods below 12 months.

Contract assets and liabilities

Contract assets relate to an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time. By the nature of the Group's business and contracts, contract assets will rarely arise, as contracts are short term with billings raised and recognized in the same period with the performance obligations are discharged.

Contract liabilities are an entity's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer. Consideration received for cargo and parcels yet to be delivered as well as deposits from customers at the of the accounting are treated as deferred income and duly disclosed in the financial statements.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3.1.1 Trade receivables

Trade receivables arise from an entity's right to consideration in the ordinary course of business where such right is unconditional (only the passage of time is required before the payment of the consideration is due). Trade receivables are presented under current liabilities in the statement of financial position with relevant disclosures under the notes to the financial statements.

3.1.2 Investment return

Investment return consists of dividend, interest and rent receivable, movement in amortized cost on debt securities and other loan and receivables and realized gains and losses, and unrealized gains and losses on fair value assets recognised in the profit or loss.

3.1.3 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the assets carrying amount.

3.1.4 Rental income

Rental income is recognized on an accrued basis.

3.1.5 Realised gains and losses

The realised gains or losses on the disposal of an investment is the difference between proceeds received, net of transaction costs and its original or amortised costs as appropriate.

3.1.6 Proceed from disposal of property, plant and equipment

Proceeds from the disposal of property, plant and equipment are excluded from revenue, they form part of other income as gains or losses from disposal of property, plant and equipment. Gains or losses on the remeasurement of non-current assets classified as held for sale that does not meet the definition of discontinued operations are included in profit or loss from continuing operations.

3.2 Customer loyalty programme

On presentation of 11 manual tickets or 10 e-tickets, a customer is awarded a free ticket for the next travel, hence revenue from passenger operation (coach) is regarded as a multiple-component sales i.e. the components being revenue and award credit.

The Group grants award credits for each sale/travel which is accumulated for each passenger up to the number required for redemption of the award. The consideration initially received for each travel is allocated between revenue and the award credit. The consideration allocated to award credits represents the amount that the entity has received for accepting an obligation to supply awards if customers redeem the credits. This amount reflects both the value of the awards and the Group's expectations regarding the proportion of credits that will be redeemed, i.e. the risk of a claim being made. A customer loyalty award obligation is recognized as a liability until the Group fulfils its obligations to deliver awards to customers or when the risk of a claim has expired. Claims in respect of a particular year expire at the end of February of the succeeding year. Hence, revenue relating to award credits is recognized as the risk expires, i.e. based on the number of award credits that have been redeemed relative to the total number expected to be redeemed. This is in accordance with International Financial Reporting Interpretation Committee 13 (IFRIC 13).

3.3 Property, plant and equipment

3.3.1 Recognition

The fair value of land and buildings have been adopted as the deemed cost for these assets. All other assets have been recognized at their historical costs.

Property, plant and equipment are stated at cost less accumulated depreciation and any recognized impairment loss. Bus terminals and other buildings are carried at their historical cost less accumulated depreciation and any impairment loss. Durability of such items is considered before capitalisation. Major spare parts of motor vehicles which include axle, gear box, engine, body and other significant components are capitalised when they are replaced and depreciated over the remaining useful lives of the assets. The values of the replaced parts are derecognised on replacement.

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Buildings on leasehold lands are depreciated over their estimated useful lives unless there are indications that the lease will not be renewable at the expiration of the extant lease terms, in which case the buildings are depreciated over the remaining life of the lease. In such a case a decommissioning cost is capitalised and discounted over the remaining life of the lease in accordance with IAS 37.

3.3.2 Subsequent costs

Major refurbishments and renovations are capitalized as part of the item of the property, plant and equipment and are depreciated over the remaining useful lives of the assets.

3.3.3 Depreciation of property, plant and equipment

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful life, as follows:

Asset class	Useful lives
Luxury buses and trucks	5-7 years
Trailer beds	7-10 years
Shuttle buses	2-5 years
Pool buses	4-6 years
Computers	3-5 years
Furniture and equipment	4-5 years
Buildings	15-20 years

Depreciation commences when assets are available for use.

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. 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 value. Gain and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement as operating income.

Asset classified as held for sale are carried at the lower of carrying amount and fair value less cost to sell in accordance with IFRS 5. Items of property, plant and equipment classified as held for sale are not depreciated in accordance with IFRS 5 non-current assets held for sale and discontinued operations.

The group reviews the estimated useful lives of property, plant and equipment at the end of each reporting

Borrowing costs relating to self constructed items of property, plant and equipment are capitalised in line with IAS 23 borrowing costs.

3.3.4 Derecognition

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

3.3.5 Reclassification

When the use of a property changes from owner-occupier to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in the income statement to the extent that it reverses a previous impairment loss on the specific property, with any remaining recognized in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized immediately in the income statement.

3.4 Inventories

Motor vehicles assembled for sale, spare parts and other stock items are valued at the lower of cost and net realisable value. Cost includes purchase cost and other cost incurred in bringing the stocks to their present location and condition. The weighted average cost method is used to determine cost.

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3.5 Discontinued operations and non-current assets held for sale

Discontinued operations and non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

Discontinued operations and non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

This is the case, when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and the sale is considered to be highly probable.

A sale is considered to be highly probable if the appropriate level of management is committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan has been initiated. Furthermore, the asset (or disposal group) has been actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one-year from the date that it is classified as held for sale.

3.6 Impairment

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the asset does not belong to a cash generating unit, its fair value is determined and compared to its carrying amount to determine its recoverable amount. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent of previous revaluation gains, with any residual impairment recognised as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Indicators of impairment

The Group's motor vehicle performance report provides the primary reference for motor vehicles impairment review. The report has such indicators as number of breakdowns per vehicle, spares consumption per vehicle, number of operation run per vehicle, accidented vehicles etc. Secondary indicators include market prices technology and the general economic situation in the country.

3.7 Provisions

The Group recognises a provision if, and only if:

- i. A present obligation (legal or constructive) has arisen as a result of past event;
- ii. Payment is probable (more likely than not); and
- iii. The amount can be reliably estimated.

A possible obligation i.e. a contingent liability is disclosed but not accrued. However, disclosure is not made if payment is remote.

Provision for settlement of litigation is measured at the most likely amount payable, as advised by the Group's solicitors. Provision for warranties is measured at a probability weighted expected value. Both measurements are at discounted present values using a pre- tax discount rate that reflects the current market assessment of the time value of money specific to the liability.

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3.8 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the entities within the group. Monetary items denominated in foreign currencies are retranslated at the exchange rates applying at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in income statement in the period in which they arise except for:

- Exchange differences on foreign currency borrowings which are regarded as adjustments to interest costs, where those interest costs qualify for capitalization to assets under construction.
- Exchange differences on transactions entered into hedge foreign currency risks.
- Exchange differences on loans to or from a foreign operation for which settlement is neither planned nor likely to occur and therefore forms part of the net investment in the foreign operation, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

3.9 Taxation

3.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expenses that are taxable or deductible in future years and items that are never taxable or deductible. The group and company liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.9.2 Deferred tax

Deferred tax is recognized on temporary difference between the carrying amounts of asset and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized. Such deferred tax asset and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in transactions that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable difference associated with investment in subsidiaries and association and interest in joint ventures, except where the group is able to control the reversal of the temporary differences and it is probably that the temporary difference will not reverse in the foreseeable future. Deferred tax asset arising from deductible temporary difference associated with such investments and interest are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the benefit of the temporary difference and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset raised, based on tax rates (and tax laws) that have been enacted or substantively enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and asset reflect the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities.

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Current and deferred tax of the group are recognized in the statement of comprehensive income, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from initial accounting for a business combination, the tax effect is included in the accounting for business combination.

3.9.3 Capital gains tax

Capital gains tax is included in the tax expense for the period to which it relates.

Capital gains tax relating to a disposal of an extraordinary item is deducted from such item.

3.9.4 Value added tax

Non-recoverable VAT paid in respect of an item of non-capital nature is written off to statement of comprehensive income. Non-recoverable VAT paid in respect of an item of property, plant and equipment is capitalized as part of the cost of the property, plant and equipment.

The net amount owing to or due from the tax authority is included in debtors or creditors.

Recoverable VAT outstanding for over three years is fully provided for.

Output VAT is excluded from the revenue shown in the statement of comprehensive income.

3.9.5 Withholding tax

The withholding tax credit is used as set-off against income tax payable. Tax credit which is considered irrecoverable is written-off as part of the tax charge for the year.

3.10 Financial assets and liabilities

3.10.1 Initial recognition

The Group initially recognises Trade receivables, equity securities and/or other debt financial assets on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net gains/(losses) from financial instruments. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

Effective interest rate method

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

For purchased or originated credit-impaired ('POCI') financial assets - assets that are credit-impaired at initial recognition — the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

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When the Group revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired financial assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

3.10.2 Financial assets - Subsequent measurement

a) Debt instruments

The classification and subsequent measurement of debt instruments depend on the Group's business model for managing the financial assets and the contractual terms of the cash flows. Based on these factors, the Group classifies its debt instruments into one of the following measurement categories:

Amortised cost: Assets that are held within a business model whose objective is collection of contractual cash flows and where such cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss due to impairment or upon derecognition of a debt investment that is subsequently measured at amortised cost is recognised in profit or loss. Interest income from these financial assets is included in "Interest and similar income" using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held within a business model whose objective is achieved both by collection of contractual cash flows and by selling the assets, where those cash flows represent solely payments of principal and interest, and are not designated at fair value through profit or loss, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the profit or loss statement within "Net gains/(losses) from financial instruments classified as held for trading" in the period in which it arises. Interest income from these financial assets is included in "Interest and similar income".

Business Model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.

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- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing financial assets is achieved and how cash flows are realized.

SPPI assessment

Principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money - e.g. periodical rate of interest

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Reclassifications

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Modifications

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss.

b) Equity instruments

The Group subsequently measures all unquoted equity investments at fair value through other comprehensive income. Where the Group has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payments is established.

3.10.3 Impairment of financial assets

Overview of the ECL principles

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its trade receivables, equity instrument and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Equity instruments are not subject to impairment under IFRS 9.

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The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering if it is 30 days past due.

For Trade receivables that do not contain a financing component, impairment allowance are made on a LTCEL basis as practical expedient.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt instruments carried at FVOCI are credit-impaired. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following:

- there is significant financial difficulty of a customer (potential bad debt indicator);
- there is a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the Customer's financial difficulty, granting to the Customer a concession that the Group would not otherwise consider.
- it becomes probable that a counterparty/Customer may enter bankruptcy or other financial reorganisation;
- there is the disappearance of an active market for a financial asset because of financial difficulties; or
- observable data indicates that there is a measurable decrease in the estimated future cash flows from a group of financial assets.
- the financial asset is 90 days and above past due.

A trade receivable debt that has been renegotiated due to a deterioration in the Customer's financial condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

3.10.4 Presentation of allowance for ECL

Trade receivable allowances for ECL are presented in the consolidated statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: the loss allowance is recognised as a provision, and
- debt instruments measured at FVOCI: no loss allowance is recognised in the consolidated statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

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Write-off

The Group writes off financial assets, in whole or part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity and where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of redemption of the carrying amount of the financial asset.

3.10.5 Financial liabilities

Classification and subsequent measurement

In both the current and prior period, all financial liabilities are classified and subsequently measured at amortised cost except for loan commitments and financial guarantee contracts.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Financial guarantee contracts , loans and borrowings and other commitments

Financial guarantees contracts are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of the debt instrument. Such financial guarantees are given to banks, other financial institutions on behalf of subsidiary, connected entity, directors, staff to secure loans, overdrafts and other banking facilities.

Loans and borrowings and other commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. Subsequently, they are measured at the higher of the amount of loss allowance and the premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

For loans and borrowings and other commitments and financial guarantee contracts, the loss allowance is recognised as a provision.

3.11 Right of use assets

The right of use (Land) relates to a long term lease contract for land on which factory premises of have been built. Up to 2018 the lease was reported as prepayment under other assets in the financial statements, while the yearly amortizations were treated as rent expenses in the profit or loss account. With the adoption of IFRS 16, this asset has been reclassified to Right of use assets. The right of use incidental to short term leases are reported accordingly.

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3.12 Segmental reporting

The management of ABC Transport Plc has determined the operating segments of the Group based upon the information provided to the Managing Director who is considered to be the chief operating decision maker.

The Group is primarily organized on a business basis and it includes the following:

- Coach operation
- Shuttle operation
- Sprinter operation
- Haulage service
- Cargo service
- Hospitality service; and
- Trading (Truck assembly, sale of spares and speed governors).

This is consistent with the way the group manages itself and the format of the Group's internal financial reporting. The second analysis is presented according to the geographic markets comprising Nigeria and Ghana. The Group's geographical segments are determined by the location of the Group's assets and operations.

3.13. Trade and other receivables

Trade and other receivables are recognised and carried at the lower of their original value and recoverable amount. Allowance is made where there is evidence that the balances will not be recovered in full.

3.14 Employee benefits

3.14.1 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions 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 profit or loss in the periods during which services are rendered by employees. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value. In relation to the defined contribution plan, the group has in place the Pension fund scheme.

Pension fund scheme

In accordance with the provisions of the Pension Reform Act, 2004 as amended the group has instituted a Contributory Pension Scheme for its employees, where both the employees and the Group contribute 10% and 8% of the employee gross emoluments.

Obligations for contributions to the defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Contributions to a defined contribution plan that is due more than twelve months after the end of the period in which the employees render the service are discounted to their present value.

Payments to defined contribution plans are recognised as an expense as they fall due. Any contributions outstanding at the year end are included as an accrual in the Statement of Financial Position.

3.14.2 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The group's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Any recognized past service costs and fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the group's obligation and that are denominated in the currency in which the benefit are expected to be paid.

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The calculation is performed annually by a qualified actuary using the projected credit unit method.

The group recognizes all actuarial gains or losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in income statement.

The group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on settlement or curtailment comprises any resulting change in the fair value of the plan asset, any change in the present value of defined benefit obligation, any related actuarial gains or losses and past services cost that had not previously been recognised.

3.14.3 Termination benefits

Termination benefit are recognized as an expense when the group is demonstrably committed without realistic possible withdrawals to a formal detail plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies is recognized as expenses if the group has made an offer of voluntary redundancy and it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If the benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3.14.4 Short term employee benefits

These are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.15 Leases

The Group recognizes a lease where a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is deemed to be conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from the use.

3.15.1 As Lessee

At the commencement of a lease, the Group recognizes a right-of-use asset and a lease liability for leases with tenor exceeding 12 months. For short term leases (leases with tenor of 12 months and below), rentals are expensed immediately to profit or loss. The right-of-use asset is initially measured at the amount of the lease liability plus initial direct costs. Where applicable, lease incentives, payments at or prior to commencement and decommissioning obligations are adjusted for. Subsequently, the right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment. Depreciation is at the shorter of the lease term and the useful lives of the assets

Lease liabilities are initially measured at the present value of the lease payments payable over the lease term discounted at the rate implicit in the lease. Where the rate implicit in the lease cannot be readily determined, the Company's incremental borrowing rate is used. Variable lease payments that depend on an index are included in the initial measurements of the lease liability. Sums expected to be payable by the Group under residual value guarantees are also included. Variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss. Where there is a subsequent re-measurement due to a revision of any of the initial variables, the resulting difference is treated as an adjustment to the right-of-use asset.

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3.15.2 As Lessor

The Group classifies each lease as an operating lease or a finance lease. A finance lease is recognized when the contract transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise an operating lease is recognized.

At the commencement of the lease, the Group recognizes assets held under a finance lease as a receivable at an amount equal to the net investment in the lease. The net investment in the lease is the gross investment in the lease (aggregate of the minimum lease receipts plus any unguaranteed residual value) discounted at the interest rate implicit in the lease. Finance income is recognized over the lease term based on the pattern reflecting a constant period rate of return on the net investment.

The Group recognizes operating lease payments as income on a straight line basis.

3.16 Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due with one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

3.17 Borrowing costs

Borrowing cost are interest and other costs that the group incurs in connection with borrowing of funds, these include interest expenses calculated using effective interest rate method, finance charges in respect of finance leases and exchanged differences arising from foreign currency borrowings' interest cost. Where a range of debt instruments is used to borrow funds or where the financing activities are coordinated centrally, a weighted average capitalization is applied.

Borrowing costs directly relates 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, added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The group defines qualifying asset as asset that takes more than a year to prepare for its intended use. All other borrowing costs are expensed in the period in which they incurred.

Investment income earned on the temporary investment of specific borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the profit or loss in the period in which they are incurred.

3.18 Equity instruments

Equity instruments issued by the group are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments. Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Where any company purchases the group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the group's equity holders. Where such shares are subsequently sold, re-issued or otherwise disposed of any consideration received is included in equity attributable to the group's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

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3.19 Finance income and finance costs

Finance income comprises interest income on fund invested (including available-for-sale financial assets); gain on the disposal of available-for-sale financial assets. Finance income is recognised as it accrued in profit or loss, using the effective interest method.

Finance costs comprises interest expense on borrowing, unwinding of the discount on provision, interest expense on factoring of trade receivables and impairment losses recognised on financial assets except financial costs that are directly attributable to the acquisition, construction or production of a qualifying assets which are captured as part of the related assets, are recognise in profit or loss using the effective interest method.

3.20 Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cashflows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items, have been eliminated for the purpose of preparing the statement.

3.21 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand; cash balances with bank and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows.

3.22 Share capital

The Group has one class of shares, ordinary shares. Ordinary shares are classified as equity. Where new shares are issued, they are recorded in share capital at their par values. The excess of the issue over the per value is recorded in the share premium reserve. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.23 Share premium

This relates to amount received by ABC Transport Plc over and above the face value of its shares.

3.24 Dividend distribution

Dividend distribution to the group shareholders is recognized as a deduction in the revenue reserve in the year in which the dividend is approved by the company's shareholders.

3.25 Unclaimed dividend

Unclaimed dividend are amounts payable to shareholders in respect of dividend previously declared by the Group which have remained unclaimed by the shareholder in compliance with section 385 of the Companies and Allied Matters Act, CAP C20, laws of the federation of Nigeria 2004. Unclaimed dividend are transferred to revenue reserves after twelve years.

3.26 Earnings per share

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

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3.27 Reserves

The translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the net assets of overseas operations.

3.28. Government grants

Government grants are recognized where there is reasonable assurance that the group will comply with the conditions attached to it, and that the grant will be received. Where government grant is by the extension of interest free loans or below-market rate of interest, the benefit of the interest free/below market interest rate is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. Government grants are recognized in the profit or loss on a systematic basis over the periods in which the group recognizes as expenses the related costs for which the grants are intended to compensate.

3.29 Financial risk management

Overview

Our risk management objective is to ensure sustainable business growth with stability by promoting a proactive approach in identifying, evaluating, mitigating and reporting risks associated with the business. In order to achieve these objective, we have established a structured and disciplined approach to Risk Management, including the development of the Risk Matrix, in order to guide decisions of the Group on risk related issues. ABC Group has a risk management system embedded in our day to day business activities which guides our business operations and is being followed in a consistent and systematic manner to increase value to our shareholders. Our Enterprise Risk Management framework focuses on enterprise wide risk of ABC Transport Group with the objective to protect and enhance each entity's value and by extension the Group's value.

ABC Transport Plc and its subsidiaries (ABC Group) - Risk Management framework

The Board of Directors sets our overall risk appetite, approve the risk management strategy and is ultimately responsible for the effectiveness of the risk management process and system of internal control within ABC Group.

Specific objectives of the Group's Risk Management framework are:

- * To ensure that all the current and future material risk exposures of ABC Group are identified, assessed, quantified, appropriately mitigated and managed.
- * To establish a framework for ABC Group risk management process and to ensure group-wide implementation.
- * To ensure systematic and uniform assessment of risks related with the Group's operations.
- * To reduce operational surprises and losses.
- * To enable compliance with appropriate regulations, wherever applicable, through the adoption of best
- * To assure business growth with financial stability.

The Board oversees risk management through the following Committees:

Board Risk Management Committee

The Board Risk Management Committee is responsible for developing and monitoring the Group's risk management policies which are established to identify and analyse the risks faced by the Group, to set appropriate risk limit and controls, monitor risks and adherence to risk limits. The Committee ensures that risk management policies are integrated into ABC Group's culture. The Committee also reviews quarterly risk management reports and direct appropriate actions to be taken by senior management. The committee reports quarterly to the Board of Directors on its various activities.

Statutory Audit Committee

The Audit Committee reviews the adequacy of the system of internal controls and takes appropriate actions to remedy any deficiencies.

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Corporate Governance and Remuneration Committee

The Corporate Governance and Remuneration Committee assists the Board in fulfilling its responsibilities in relation to Corporate Governance & remuneration matters by ensuring the Group meets the legal and regulatory requirements, thus protecting the Group from incurring operational and reputational liabilities that can affect the achievement corporate goals and objectives.

Performance Review Committee

This is a Management Committee of ABC Group comprising functional heads and other top management staff, which convenes monthly to review performance and other pertinent matters bordering on business survival and growth. The committee is saddled with the responsibility of ensuring the business is run in accordance with the stipulations of the Board.

Credit Risk Management Committee

The Credit Risk Management Committee assess the credit risk of ABC Group. The Committee review and approve credit request in line with the Group's credit policy.

Risk Profile

In the course of daily operations, the Group is exposed to various risks. The risks to which the Group is exposed can be classified under the following major categories: Operational risk (HSE risk), Financial risk (credit risk, liquidity risk, market risk, capital management risk), Reputational risk and Strategic risk.

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group's processes and controls, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the group's operations.

The group's objective is to manage operational risk to be within its risk appetite thus ensuring that the overall control processes and procedures does not restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall group standards for the management of operational risk in the following areas:

- * Requirements for appropriate segregation of duties, including the independent authorization of transactions/processes.
- * Requirements for the reconciliation and monitoring of transactions.
- * Compliance with regulatory and other legal requirements.
- * Documentation of controls and procedures.
- * Requirements for the year assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- * Requirements for the reporting of operational losses and proposed remedial action.
- * Development of contingency plans
- * Training and professional development
- * Ethical and business standards
- * Risk mitigation approach such as adequate insurance cover on the assets of ABC Group Plc.

The Operational risk of the Group is identified and monitored through risk management review of operational processes and procedures across departments and subsidiaries with the use of Risk Management tool kit such as Risk Registers, Control Self- Assessments, Top 25 Risk of the business and Key Risk Indicators Review.

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The functional/business unit heads are responsible for ensuring compliance with risk management procedures. The Internal Audit function is saddled with the responsibility of monitoring compliance and reporting to Board Risk Management Committee.

HSE Risk

ABC Group is committed to managing a Health, Safety & Environmental system that promotes a safe working environment for all employees, contractors, customers and visitors to our sites. At ABC Group, Health and Safety has equal importance with all other business activities.

It is the policy of the Group to carry out its activities in a manner that guarantees health and safety of its workers and other stakeholders, the protection of the company's facilities and the environment and compliance with all regulatory and industry requirements. The Group consider health, safety and environmental issues as very important due to the nature of her core business.

Our objective is to minimize the number of cases of occupational accidents, illnesses, damage to property and environmental degradation.

Financial Risk

ABC Group Plc's overall risk management focuses on the unpredictability of financial markets and the adverse effect on the company's financial and operational performance. The Group has a risk management function that manages the financial risks relating to the Group's operations under the policies approved by the Board of Directors.

The Group has exposure to the following risks from its use of financial instruments:

Credit Risk

Liquidity Risk

Market Risk

Foreign Exchange Risk

Interest Rate Risk

Other Market Risk

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a policy of only dealing with creditworthy customers as a means of mitigating the risk of financial loss from defaults. Credits are also secured with Bank Guarantees from selected Banks where necessary.

The Group uses other publicly available financial information and its own trading records to evaluate its major customers. All credits are administered in line with ABC Transport's Credit policy.

Warning signs for default are promptly identified based on Credit Management & Reporting tools. Mitigating actions such as reduced credit term, aggressive cash collection and downward review of credit limits are highlighted and implemented for high-risk customers based on approval by Executive Management and Management Credit Committee.

There is no material concentration of our credit exposure geographically or with individual customers and there is no significant level of counterparty default.

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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 when due, under both normal and stressed conditions, without incurring unacceptable and avoidable losses or risking damage to the Group's reputation. Cash flow projection is performed by the treasury unit of ABC Group Plc to anticipate the cash & liquidity requirements of the Group.

The Group has a clear focus on ensuring sufficient access to capital to finance growth and to refinance maturing debt obligations. As part of the liquidity management process, the Group has various credit arrangements with some banks and related parties which can be utilised to meet its liquidity requirements.

The Group manages its liquidity process by:

- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Monitoring balance sheet liquidity ratios against internal requirements.
- Managing the concentration and debt profile.
- Usage of overdraft facility to meet liquidity needs

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign Exchange Risk

The Group transacts some of its purchases and sales in foreign currency and is exposed to foreign exchange risk on these transactions. The Group has no long term assets or liabilities denominated in foreign currency. The opening of the OTC FX Market has enabled the Group use Non-Deliverable Forwards/Futures (NDFs) to hedge Foreign Exchange Risk.

Foreign exchange risks are minimized by a reduction in direct import transactions while increasing local purchases from importers. Also interest rates are benchmarked to NIBOR (for local loans and LIBOR (for foreign loans). Credit lines from overseas suppliers are utilized prudently to minimize the foreign exchange exposures.

Currency Risk

The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than its functional currency. The Group is exposed primarily to US Dollars (USD) and the New Ghanaian Cedis (GHS).

The Group monitors the movement in currency rates on an ongoing basis to mitigate the risk that the movements in the exchange rates may adversely affect the Group's income or value of their financial instruments.

Interest on borrowings is denominated in the currency of the borrower. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily Naira, also GHC and USD. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

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In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The investments in other subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

Other market Risk

Management of the ABC Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Executive Committee.

Management is assisted by external advisors in this regard. In accordance with this strategy, certain investments are designated at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis. The group does not enter into commodity contracts other than to meet the group's expected usage and sale requirements; such contracts are not settled net.

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence at all times and to sustain future development and growth of the business. The Board of Directors monitors capital on the basis of the gearing ratio, which the group defines as total liabilities (non-current liabilities and current liabilities) over total assets (non-current assets and current assets). Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group manages its capital structure to achieve capital efficiency, maximise flexibility and give the appropriate level of access to debt markets at attractive cost levels. Also, The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The group does not have a defined share buy-back plan.

Reputational Risk

Reputational risk is the risk that operations and activities of ABC Group, its related parties or affiliates will negatively affect its image or public perception.

The Group understands the fact that the losses stemming from reputational exposure may not be quantifiable, thus we have implemented structures and procedures which will help protect the company against such losses.

The Board through the Risk Management committee monitor closely, media publications about the activities of ABC Transport Group through Brand and Corporate Communications Unit (BCC) who ensures controls for mitigating reputational risk are active at all times.

The Group also regularly engage and interact with stakeholders to know how ABC Transport Group is fulfilling their expectations and improve our performance based on the feedback obtained. Major stakeholders include customers, investors, employees, suppliers, government, regulators, special interest & consumer groups, media and the general public.

Strategic Risk

The Group organizes strategy review sessions to deliberate on issues relating to changes in operating environment that may impact strategy execution and implementation. These include issues on competition, availability of loans and borrowings, forex for importation, currency devaluation, changes in government policies and macroeconomic variables which have implications for profitability, product availability and business growth.

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Failure to manage this risk could have a wide-ranging impact. It could lower revenues, profitability and returns to shareholders, and severely impair our ability to meet other financial and non-financial objectives.

The Board has the ultimate responsibility for approving strategic plans, initiatives and changes to strategic direction. In addition, ABC Group employs robust strategy development processes which consider the implications of economic, industrial, market, technological and customer developments and trends. Business Performance Review Meeting is carried out monthly for Strategic Business Units and Quarterly for all departments to review business performance against target.

4. Critical accounting estimates and judgement

The group makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgment are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption.

The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change, if the change affects that period only, or in the period of change and future period, if the change affects both the estimates and assumptions that have a significant risks of causing material adjustment to the carrying amount of asset and liabilities in the next consolidated financial statements are discussed below:

a) Defined benefit obligation

The present value of defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the defined benefit obligation include the discount rate, interest rate, mortality rate, etc the group determines the discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimate future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bond that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the defined benefit obligation.

b) Impairment of property, plant and equipment and intangible assets

Management is required to make judgement concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate impairment exist.

c) Property, plant and equipment

Property, plant and equipment represent the most significant proportion of the asset base of the group, accounting for about 80% of the Group's total assets. Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or it's residual value would result in the reduced depreciation charge in the consolidated income statement.

Property, plant and equipment is stated at fair value less accumulated depreciation and any impairment losses. Depreciation is calculated to write off the fair value of Property, plant and equipment other than land and work-in-progress on a straight-line basis over the estimated useful life of the respective classes of assets.

Buildings on owned land are depreciated over the period management expects to derive benefit from their use and this period is reviewed annually for appropriateness. Judgment is however applied on the useful lives of buildings constructed on lands held on short-term leases which are only depreciated over a period extending beyond the expiry of the lease if there is reasonable expectation that the lease will be renewed.

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Depreciation charged in the income statement together with the carrying amounts will differ significantly should an expected renewal of short-term fail to materialize. This is in view of the under-provision resulting from the shorter useful lives and the possible impacts of un-capitalized decommissioning costs.

d) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Judgment is equally exercised in assessing the likelihood that a pending litigation will succeed, or a liability will arise and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in the foregoing evaluation processes, actual outcomes may be different from the originally estimated provisions.

e) Non-current assets held for sale

On retirement of items of property, plant and equipment (usually operational motor vehicles) from operations, they are fair-valued and reclassified to a non-current-assets-held-for-sale account at the lower of their NBVs and fair-value less cost to sell with any differences arising thereon taken to profit or loss. Since there are no active markets dealing in second-hand vehicles, the Group exercises judgment in placing realistic values to the assets classified as held-for-sale by reference to the circumstances of previous disposals taking cognizance of physical conditions, vehicle brands, age, economic realities etc. These valuations are usually carried out by an assets disposal committee comprising the head of materials management, head of administration, head of internal audit, head of finance and the service engineer. The gross value of these assets are usually material and future results could be affected where actual proceeds differ materially from the valuations.

f) Allowances for trade receivables

The group exercises judgment in measuring and recognizing allowance for trade receivables. Impairment allowance is made when there is objective evidence that the company/group will not be able to collect the debts. The allowance raised is the amount needed to reduce the carrying value to the present value of expected future cash receipts.

Receivables resulting from barter arrangements are not subject to the aged-analysis above as judgment is exercised by management in determining the position of such receivables.

Withholding tax credit notes receivable aged 18 months and above are considered doubtful for collection and are subjected to a 100% provision. No provisioning is made for credit notes aged below 18 months as they are considered collectible going by the present timeframe between the remittance of deductions and production of the credit notes by the Federal Inland Revenue Service.

g) Defined benefit obligation

The Group operates an unfunded defined benefit scheme which entitles staff who put in a minimum qualifying working period of five years to gratuity upon leaving the employment of the company. The Company also gives a grant of N100,000 to heavy-duty vehicle drivers that put up to ten years in service. IAS 19 requires the application of the Projected Unit Credit Method for actuarial valuations. Actuarial measurements involve the use of several demographic projections regarding mortality, rates of employee turnover etc and financial projections in the area of future salaries and benefit levels, discount rate, inflation etc.

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The uncertainty underlying these assumptions about the future is likely to make actual payments differ from liabilities carried in the statement of financial position.

h) Non-current assets held for sale

On retirement of items of PPE (usually operational motor vehicles) from operations, they are fair-valued and reclassified to a non-current-assets-held-for-sale account at the lower of their NBVs and fair-value less cost to sell with any differences arising thereon taken to profit or loss. Since there are no active markets dealing in second-hand vehicles, the Group exercises judgment in placing realistic values to the assets classified as held-for-sale by reference to the circumstances of previous disposals taking cognizance of physical conditions, vehicle brands, age, economic realities etc.

These valuations are usually carried out by an assets disposal committee comprising the head of materials management, head of administration, head of internal audit, head of finance and the service engineer. The gross value of these assets are usually material and future results could be affected where actual proceeds differ materially from the valuations.

i) Taxes

i) Uncertainties exist with respect to the amount and timing of future taxable income. Given the complexities of existing contractual agreement, differences arising between the actual results and the assumptions made could necessitate future adjustment to tax income and expenses already recorded. The group establishes provisions based on reasonable estimates.

ii) Deferred taxes are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

5. Revenue and direct costs

5.1 Revenue from contract with customers

The following is an analysis of the Company's and Group's revenue for the year from continuing operations (excluding investment income).

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
The Group's revenue comprises:				
Transport earnings	1,651,972	1,279,509	1,639,806	1,230,176
Haulage operations	461,204	671,825	461,204	671,825
Loads and waybill	2,157,492	1,579,919	2,157,080	1,574,665
Hospitality	206,053	129,457	206,053	129,457
Sale of vehicle spares and speed governors	2,092,820	4,090,388	-	-
Service charge (cash transfer services)	-	-	-	-
	<u>6,569,540</u>	<u>7,751,099</u>	<u>4,464,144</u>	<u>3,606,124</u>

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	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
5.2 Direct costs				
Personnel costs	740,070	575,535	740,045	574,942
Hospitality Expenses	64,567	40,522	64,567	40,522
Depreciation and amortisation	749,657	813,747	679,546	770,853
Repairs and maintenances	730,257	698,673	729,851	697,037
Transport and travelling	1,203,575	922,408	1,196,508	892,901
Insurance expenses	19,378	40,347	19,156	33,164
Rent expenses	85,732	75,151	77,039	66,692
Oil and lubricant	99,406	69,885	99,396	69,807
Loading and offloading	45,885	50,886	45,603	50,886
Purchase of truck and vehicles parts	1,632,237	2,983,767	-	-
Fines	3,613	1,776	3,613	1,776
Food items, drinks, etc.	10,518	17,315	10,435	15,311
Haulage operations' levy	-	-	-	-
Packaging	5,558	14,964	5,558	14,964
Operating lease charges	-	23,988	-	23,988
Other direct expenses	98,230	198,868	98,230	50,371
	5,488,683	6,527,831	3,769,548	3,303,213
Gross profit	1,080,857	1,223,268	694,596	302,911
Gross margin	16%	16%	16%	8%

5.3. The company is into a barter arrangement with a government parastatal and other media agencies (Federal Radio Corporation of Nigeria - FRCN), Daily Trust newspapers and the Guardian Newspapers in which it extends travel operation services in exchange for advert placement on the their broadcast media and print media respectively. Revenue on this arrangement is recognized at the fair value of the services rendered which is the aggregate value of tickets issued. Included in transport earnings above is the sum of N15.07 million (2020 : N1.18million) and N1.08million earned from the barter arrangement for the period. Invoices on advert placements (including N1.21m on Guardian newspapers) are included in advertisement expenses. All barter income are earned by the parent company.

5.4. Information about major Customers

United Cements (a subsidiary of Lafarge Africa Plc) and Perfetti Van Melle Ltd contributes 10% and 7% respectively to the total revenue of ABC Transport Plc during the year, as detailed below:

Segment - Haulage operations

Customer - United Cement Company of Nigeria Limited

Revenue - **N461,359,569**

Segment - Cargo Division

Customer - Perfetti Van Melle Ltd

Revenue - **N327,354,663.72**

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

6. Segment information

6.1. Description of segments

Management has determined the operating segments based on the reports reviewed by the Budget Committee (chaired by the Managing Director) that are used to make strategic decisions. The Budget committee currently consists of the managing director, the chief financial officer, the head of planning, the chief internal auditor, head of human resources and the operating divisional heads. The committee considers the business from an operating basis based on services, subject to differing risks and return patterns and have identified the reportable segments as follows:

Coach passenger operations	- long distance service using luxury buses.
Sprinter passenger operations	- long distance service using midi buses.
Shuttle passenger service	- relatively shorter distance service using mini buses.
Haulage services	- dedicated long distance haulage servicing manufacturers.
Cargo services	- consolidated cargo services including mails and light.
Hospitality CTI	- budget accommodation targeted at sleep-over passengers.
Corporate and others	- head office revenue and others.
Trading	- Vehicle assembly, sale of spares and speed governors by Transit Support Services Ltd.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

6.2.a Business segment - 2021

	Coach N'000	Sprinter N'000	Shuttle N'000	Cargo N'000	Haulage N'000	CTI N'000	Trading (Truck / Spare parts sales N'000	Others N'000	Total N'000
Income:									
Gross segment revenue	401,604	755,066	450,019	2,157,494	461,204	206,053	2,092,820		6,524,259
Intersegment revenue	26,743	6,044	12,494				-		45,281
Total revenue	428,347	761,110	462,513	2,157,494	461,204	206,053	2,092,820	-	6,569,540
Other income	-	1,072	7,050	9,920	-	-	32,707	497,608	548,358
	428,347	762,182	469,564	2,167,414	461,204	206,053	2,125,527	497,608	7,117,898
Less: Direct costs									
Material	184,962	219,964	149,592	572,715	147,050	32,460	1,658,264	-	2,965,007
Wages & Salaries	44,033	68,396	62,083	318,212	59,980	18,508	79,279	-	650,491
Depreciation-Direct	137,383	155,465	99,996	140,669	75,288	14,192	31,666	94,998	749,657
Depreciation-Apportioned	4,868	9,007	6,694	22,030	7,911	-	-	-	50,510
Finance Lease Charges	6,483	101,126	20,815	27,513	-	2,679	38,216	-	196,831
Operating Lease Charges	-	-	-	-	-	-	-	-	-
Intersegment Expenses	-	-	-	45,281	-	-	-	-	45,281
Impairment	-	-	-	-	-	-	-	-	-
Other direct overheads	186,690	191,125	127,984	543,167	192,492	53,152	8,831	-	1,303,441
	564,419	745,083	467,164	1,669,587	482,721	120,990	1,816,256	94,998	5,961,218
Contribution to profit	(136,072)	17,099	2,400	497,826	(21,517)	85,063	309,271	402,610	1,156,680
Less: Apportioned costs									
Workshop charge	13,936	15,678	25,841	59,229	4,645	-	-	-	119,331
General administration	118,488	129,648	96,360	319,140	113,880	24,000	95,148	-	896,666
	132,425	145,327	122,202	378,370	118,526	24,000	95,148	-	1,015,996
Total expenses	696,843	890,410	589,365	2,047,957	601,247	144,990	1,911,404	94,998	6,977,215
(Loss)/profit before tax	(268,496)	(128,228)	(119,802)	119,457	(140,043)	61,063	214,123	402,610	140,683

While Coach segment did not meet the quantitative thresholds of IFRS 8, it has been reported separately as management believes that information about the segment will enable users evaluate the passengers business.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

6.2b Business segment - 2020

	Coach N'000	Sprinter N'000	Shuttle N'000	Cargo N'000	Haulage N'000	CTI N'000	Trading (Truck / Spare parts sales N'000	Others N'000	Total N'000
Income:									
Gross segment revenue	360,909	561,597	332,348	1,579,919	671,825	129,457	4,090,388	-	7,726,443
Intersegment revenue	8,666	5,564	10,426	-	-	-	-	-	24,656
Total revenue	369,575	567,161	342,774	1,579,919	671,825	129,457	4,090,388	-	7,751,099
Other income	-	-	-	7,734	-	-	(270,612)	596,635	333,757
	369,575	567,161	342,774	1,587,653	671,825	129,457	3,819,776	596,635	8,084,856
Less: Direct costs									
Material	75,008	184,145	110,863	405,718	175,979	19,692	3,109,343	-	4,080,747
Salaries and wages	49,142	55,932	41,243	175,950	72,334	13,233	66,530	-	474,364
Depreciation - direct	157,632	202,014	80,767	123,207	150,263	16,012	29,706	54,146	813,747
Depreciation - apportioned	9,050	9,282	5,801	19,377	10,094	-	-	-	53,604
Finance lease charges	24,471	116,963	23,701	29,768	10,079	1,980	46,518	-	253,479
Operating lease charges	-	9,595	9,595	4,798	-	-	-	-	23,988
Intersegment expenses	-	-	-	24,656	-	-	-	-	24,656
Impairment losses	-	-	-	-	-	-	-	-	-
Other direct overheads	251,740	239,312	138,762	564,464	348,124	36,692	102,734	-	1,681,827
	567,043	817,242	410,732	1,347,937	766,873	87,608	3,354,831	54,146	7,406,412
Contribution to profit	(197,468)	(250,081)	(67,958)	239,716	(95,048)	41,849	464,945	542,489	678,444
Less: Apportioned costs									
Workshop charge	21,482	4,296	2,864	32,643	15,361	-	-	-	76,646
General administration	115,363	131,409	82,131	280,822	142,907	24,000	148,706	-	925,338
	136,845	135,705	84,995	313,465	158,268	24,000	148,706	-	1,001,984
Total expenses	703,888	952,947	495,727	1,661,402	925,141	111,608	3,503,537	54,146	8,408,396
(Loss)/profit before tax	(334,313)	(385,786)	(152,953)	(73,749)	(253,316)	17,849	316,239	542,489	(323,540)

While Spinter and Shuttle segments do not meet the quantitative thresholds of IFRS 8, they have been reported separately as management believes that information about the segment will enable users evaluate the passengers business.

ABC TRANSPORT PLC

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	2021			2020		
	Nigeria N'000	Ghana N'000	Total N'000	Nigeria N'000	Ghana N'000	Total N'000
6.3. Geographical segment						
Revenue and other income	7,101,966	13,073	7,115,039	7,973,680	56,053	8,029,733
Earnings before depreciation, interest and tax	1,105,341	(11,418)	1,093,923	821,272	(4,588)	816,684
Interest income	2,859	-	2,859	55,123	-	55,123
Finance cost	(196,830)	-	(196,830)	(240,082)	(12,997)	(253,079)
Income tax (expenses) or income	(229,232)	-	(229,232)	(155,346)	-	(155,346)
Segment assets	3,043,447	120,335	3,163,782	3,234,150	147,224	3,381,374
Capital expenditure	711,107	-	711,107	849,835	-	849,835

6.4 Segment assets and liabilities

Segment assets	Coach N'000	Sprinter N'000	Shuttle N'000	Cargo N'000	Haulage N'000	Truck/ Spare parts	Corporate	Total N'000
						sales N'000	and others N'000	
2021	263,430	715,621	189,238	880,424	137,794	730,815	246,459	3,163,782
2020	486,299	695,186	321,526	874,306	327,360	559,306	117,391	3,381,374
Segment liabilities								
2021	-	-	-	-	-	-	-	5,022,365
2020	-	-	-	-	-	-	-	4,713,158
Capital expenditure								
2021	20,798	235,672	34,643	112,816	16,465	285,972	4,742	711,107
2020	194,093	162,021	21,693	406,426	29,962	31,281	4,359	849,835

Segment asset is made up of items of property, plant and equipment and held for sale assets. Other assets like debtors, prepayment, etc are not reported to the Chief Operating Decision Maker on a segment basis, hence they are not included in this report. Liabilities are also not reviewed by the Chief Operating Decision Maker on a segmental basis, hence it has been provided on the Group basis.

In compliance with IFRS 8, Sales of Spare Parts and Vehicle assembly are aggregated and reported as operating segment, considering that they have similar economic characteristics and they are regularly reviewed by the entity's chief operating decision maker.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 N'000	2020 N'000
6.5 Segment reconciliation		
Revenue		
Total revenue from reportable segments	6,569,540	7,751,099
Other revenues	<u>548,358</u>	<u>333,757</u>
Group revenue	<u><u>7,117,898</u></u>	<u><u>8,084,856</u></u>
Profit		
Total profit from reportable segments	140,683	(323,540)
Income tax expense	<u>(229,232)</u>	<u>(155,346)</u>
Group profit	<u><u>(88,549)</u></u>	<u><u>(478,886)</u></u>
Assets		
Total property, plant and equipment	3,014,527	3,284,811
Other non-current assets	149,254	96,562
Current assets	<u>2,917,608</u>	<u>2,493,658</u>
Group assets	<u><u>6,081,389</u></u>	<u><u>5,875,031</u></u>

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
7. Other income				
7.1. Other operating income				
Insurance indemnity	17,409	7,607	17,409	7,607
Operating rental income (Note 7.1.1)	14,738	11,935	14,738	11,935
Finance lease income	101	-	101	-
Other income	-	17,724	-	-
Sale of scrap/other assets	12,187	1,219	3,525	1,219
Sale of promotional items	47	65	47	20
Exchange gain	-	21	-	-
Demurrage on waybills	140	167	140	167
Franchise income	8,122	1,655	8,122	1,655
Right back of impairment allowance	<u>67,289</u>	<u>1,276</u>	<u>33,485</u>	<u>9,231</u>
	<u><u>120,032</u></u>	<u><u>41,670</u></u>	<u><u>77,565</u></u>	<u><u>31,835</u></u>

7.1.1 Operating rental income relates to income accruing from short term leases of small portions of owned property as warehouses and to operators of restaurants and marts. The payments are usually made 100% upfront with rental income recognised on a straight line basis.

7.2. Investment income

Dividend income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
7.3 Interest income				
Bank interest	2,859	55,123	1	5,000
7.4 Net fair value gains on financial assets at fair value through profit or loss	853	1,131	853	1,131
7.5 Other gains				
Profit on disposal of property, plant and equipment	384,214	60,627	384,214	60,627
Others (Note 7.5.1)	40,400	175,207	40,400	175,207
	424,613	235,834	424,613	235,834

7.5.1 This represents miscellaneous Income on staff fines, drivers negligence and other damages of company properties by the staff in the organisation which have been recovered from the staff.

8. Net Impairment (write back)/charge

Impairment losses relating to property, plant and equipment for the company and group in 2021 is Nil. (2020 : N12 million).

Other assets	(44,443)	12,769	(28,245)	8,423
Trade and other receivables	(17,606)	18,384	6,620	(7,954)
Staff receivables	(5,240)	13,389	(5,240)	13,389
Related Parties	-	1,651	63,122	1,651
Property plant and equipment (Note 14)	-	11,991	-	11,991
Inventory	-	(1,276)	-	(1,276)
Total	(67,289)	56,907	36,258	26,223

The net impairment losses were based on fair value less cost to sell for property, plant and equipment.

9. Expenses by nature

Staff cost	1,041,878	776,857	944,570	683,879
Hospitality	77,364	43,451	76,695	43,040
Materials consumed	2,432,418	3,769,639	1,439,682	1,182,155
General and other exps	1,729,542	2,133,222	1,119,853	1,083,485
Bank charges	23,206	23,942	14,873	12,025
Levies ,rates and fines	35,032	66,037	33,764	62,946
Lease rentals	-	23,988	-	23,988
Printing, stationery & ict costs	36,634	57,638	36,337	56,483
Rent expenses	109,768	81,537	91,672	70,969
Road expenses and transportation	238,162	96,629	223,162	62,413
Advert and promotional exps	33,474	30,571	22,849	10,452
Accident, compensation and donations	58,127	16,739	48,751	15,773
Utility expenses	111,060	79,766	107,325	78,147
Professiional fees	27,560	23,726	17,786	21,858
Insurance	34,968	58,923	33,652	51,740
Depreciation and amortization	791,192	860,661	715,442	810,926
	6,780,385	8,143,327	4,926,412	4,270,279

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
9.1 Administrative expenses				
Personnel expenses	494,932	374,226	411,632	299,238
Medical and First Aid expenses	25,455	23,143	25,304	22,944
Depreciation and amortisation	41,535	47,397	35,896	40,555
Repairs and maintenances	44,742	44,871	33,580	23,948
Transport and travelling expenses	69,114	70,370	54,195	44,735
Insurance expenses	15,591	18,756	14,496	18,756
Compensation, commissions and accident expenses	16,920	12,778	15,287	12,778
Rent and rate expenses	24,036	12,754	14,632	10,072
Licensing/registration	31,419	30,235	30,151	29,562
Director's emolument	52,066	47,679	37,666	31,748
Director's fees	4,340	3,500	3,090	2,000
Public relations, promotions and advertisements	33,474	113,583	22,849	22,419
Donations, subscriptions & dues	41,207	29,835	33,463	27,225
Electricity and lighting	111,060	80,041	107,325	78,422
Bank charges and commission	23,206	24,652	14,873	12,149
Audit fees	11,434	11,142	9,500	9,500
Legal and professional charges	16,126	18,753	8,286	12,358
Printing, stationeries, printed & promotional materials	36,634	32,430	36,337	31,900
Hotel expenses	7,499	2,930	6,907	2,518
Investigation and Security expenses	71,425	77,008	65,339	70,899
Cleaning, sanitation and clearing expenses	23,775	24,108	22,987	22,967
Telephone, postages and newspaper expenses	29,235	25,479	28,290	24,853
Impairment losses on trade, other receivable and other assets	-	46,193	69,742	23,463
Exchange loss	8,236	343,151	429	2,202
Entertainment expenses	5,298	3,422	5,221	3,136
AGM expenses	5,000	5,894	5,000	5,894
SEC/NSE & other quotation fees	902	981	902	981
Office expenses	11,370	6,531	10,456	6,440
General expenses	35,673	83,657	33,029	73,401
	1,291,702	1,615,496	1,156,865	967,066
9.2 Expenses by function				
Direct costs (Note 5.2)	5,488,683	6,527,831	3,769,548	3,303,213
Administrative expenses (Note 9.1)	1,291,702	1,615,496	1,156,865	967,066
	6,780,385	8,143,327	4,926,412	4,270,279
10. Finance costs				
Financial liabilities held at amortized cost:				
Interest on loans and borrowings	154,739	217,099	121,162	157,984
Interest on overdraft	42,092	35,979	37,452	35,979
Total finance costs	196,830	253,079	158,615	193,964

10.1 All finance charges for the group were as a result of interest on overdraft and loans and borrowings taken by the group.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
11. Taxation				
11.a Income tax expense				
Back duty assessment: - Income tax	-	11,919	-	11,919
- Education tax	-	2,175	-	2,175
Income tax	219,008	122,612	141,343	13,766
Education tax	10,213	7,929	4,573	145
Nigerian Police Trust Fund	11	17	-	-
Over provision in previous year	-	(4,903)	-	(4,903)
Total current tax expense	229,232	139,749	145,917	23,102

The Nigeria Police Trust Fund Act 2019 was signed during the year. The Act imposes a levy of 0.005% on the Group's operating business in Nigeria. The levy is calculated based on the 0.005% of profit before tax.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
11.b Deferred tax on origination and reversal of temporary differences:				
Deferred tax liability (Note 11.3)	-	15,597	-	-
Total deferred tax charge/(income)	-	15,597	-	-
Total income tax expense	229,232	155,346	145,917	23,102

11.1 Factors affecting tax expenses for the year Profit/(Loss) before tax as shown in the consolidated income statement

	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
Profit/(Loss) before tax as shown in the consolidated income statement	140,683	(323,540)	(117,850)	(596,310)
Expected income tax expense on profit at statutory tax rate (30%)	42,205	(97,062)	(35,355)	(178,893)
Effect of portion of income taxed on a different basis - education tax	10,212	7,929	4,573	145
Effect of permanent differences on investment allowance	(759)	(985)	(759)	(985)
Effect of expenses that are not deductible in determining taxable profit	55,695	29,622	15,988	19,904
Effect of income and expenses that are exempt from taxation	(25,124)	(64,465)	(25,124)	(82,259)
Accelerated capital allowance on property, plant and equipment	181,421	258,073	178,807	242,956
Effect of tax on disposal of property, plant and equipment	7,786	13,043	7,786	13,044
Effect of additional tax on income derived from Ghana	-	-	-	-
Effect of taxation on foreign entity-ABC Ghana Ltd	-	-	-	-
Effect of Loss relief - Transport Support Services Limited	-	-	-	-
Effect of minimum taxation on loss making subsidiary - Transit Support Services Limited	-	-	-	-
Adjustment recognized in current year in relation to current tax of prior years	-	9,191	-	9,191
Total	229,232	155,346	145,916	23,102
Effective tax rate	163%	-48%	-124%	-4%

No income tax was recognised directly in equity
No income tax was recognised in other comprehensive income

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
11.2 Current tax liabilities				
Income tax payable (Note 11.5)	<u>361,302</u>	<u>204,846</u>	<u>145,917</u>	<u>24,031</u>
11.3 Current tax assets				
Income tax asset	<u>1,776</u>	<u>1,722</u>	<u>-</u>	<u>-</u>
11.4 Deferred tax balances				
The following is the analysis of the deferred tax assets and liability presented in the consolidated and separate statements of financial position:				
Deferred tax assets	<u>60,543</u>	<u>60,543</u>	<u>59,864</u>	<u>59,864</u>
Less : Deferred tax liability	<u>27,695</u>	<u>27,695</u>	<u>-</u>	<u>-</u>
Net deferred tax assets	<u><u>32,848</u></u>	<u><u>32,848</u></u>	<u><u>59,864</u></u>	<u><u>59,864</u></u>

The group has adopted the International Accounting Standard, IAS 12 on deferred taxation, which is computed using the liability method. The deferred tax computation has resulted into a deferred tax asset of N1,257,103,000 (2020 : N1,093,988,000) which has not been recognised in these financial statements on the grounds of prudence.

	Group			Company		
	At 1 January balance N'000	Recog- nised in profit or loss N'000	At 31 December balance N'000	At 1 January balance N'000	Recog- nised in profit or loss N'000	At 31 December balance N'000
11.4a 2021						
Deferred tax assets in relation to:						
Property, plant and equipment	2,821	-	2,821	2,142	-	2,142
Retirement benefit obligations	16,101	-	16,101	16,101	-	16,101
Provision for doubtful debts	26,832	-	26,832	26,832	-	26,832
Impairment	14,789	-	14,789	14,789	-	14,789
	<u>60,543</u>	<u>-</u>	<u>60,543</u>	<u>59,864</u>	<u>-</u>	<u>59,864</u>
Deferred tax liabilities						
Property, plant and equipment	<u>27,695</u>	<u>-</u>	<u>27,695</u>	<u>-</u>	<u>-</u>	<u>-</u>
11.4b 2020						
Deferred tax assets in relation to:						
Property, plant and equipment	2,821	-	2,821	2,142	-	2,142
Retirement benefit obligations	16,101	-	16,101	16,101	-	16,101
Provision for doubtful debts	26,832	-	26,832	26,832	-	26,832
Impairment	14,789	-	14,789	14,789	-	14,789
	<u>60,543</u>	<u>-</u>	<u>60,543</u>	<u>59,864</u>	<u>-</u>	<u>59,864</u>
Deferred tax liabilities						
Property, plant and equipment	<u>12,098</u>	<u>15,597</u>	<u>27,695</u>	<u>-</u>	<u>-</u>	<u>-</u>

There are no unrecognised deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
11.5 Current tax liabilities				
Analysis of movements in the current tax balance during the year:				
At 1 January	204,846	165,297	24,031	4,347
Income tax	219,008	134,531	141,343	25,685
Education tax	10,213	10,104	4,573	2,320
Nigerian Police Trust Fund	11	17	-	-
(Over)/under provision in the prior year	-	(4,903)	-	(4,903)
Tax paid during the year	(72,776)	(100,200)	(24,031)	(3,418)
Withholding tax credit notes utilised for tax payments	-	-	-	-
Exchange movements	-	-	-	-
At 31 December	361,302	204,846	145,917	24,031

Factors affecting the tax charge in future years

Factors that may affect the Group's future tax charge include the impact of corporate restructurings, the resolution of open issues, future planning opportunities, corporate acquisitions and disposals, the use of brought forward tax losses and changes in tax legislation and tax rates.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
12. Basic Loss per share				
Loss after taxation	(88,549)	(478,886)	(263,767)	(619,412)
Number of shares				
Weighted average number of shares for basic earning per share	1,657,700	1,657,700	1,657,700	1,657,700
Effect of dilutive potential share: restricted shares and share options	-	-	-	-
Weighted average number of shares for diluted earnings per share	1,657,700	1,657,700	1,657,700	1,657,700
Loss per share (kobo)				
- Basic	(5.34)	(28.89)	(15.91)	(37.37)
- Diluted	(5.34)	(28.89)	(15.91)	(37.37)

Loss per shares have been computed based on loss after tax and number of issued and fully paid ordinary shares of N0.50 each.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
13. Operating loss				
Operating loss has been arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	771,173	776,855	707,881	804,429
Amortization of intangible assets	7,540	7,010	7,425	7,010
Impairment (writeback)/losses	(67,289)	56,907	36,258	26,223
Staff costs	1,041,878	776,857	944,570	683,879
Gain on disposal of property, plant and equipment	(384,214)	(60,627)	(384,214)	(60,627)
Audit fees	11,434	11,142	9,500	9,500

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

14. Property, plant and equipment

The Group	Freehold Land N'000	Buildings N'000	Motor vehicle N'000	Equipment furniture and fittings N'000	Computer equipment N'000	Work-in progress N'000	Total N'000
Cost:							
At 1 January 2020	176,278	1,349,218	8,074,095	441,426	69,800	55,833	10,166,649
Additions	-	71,558	753,187	39,224	4,945	377,072	1,245,986
Transfers	-	-	-	-	-	(18,443)	(18,443)
Disposals	-	-	(1,069,339)	-	-	-	(1,069,339)
Written off in the year	-	(19,241)	-	-	-	-	(19,241)
Reclassification	70,000	-	-	-	-	(70,000)	-
Translation difference	-	1	5,578	125	-	-	5,705
At 31 December 2020	246,278	1,401,537	7,763,522	480,774	74,745	344,462	10,311,317
At 1 January 2021	246,278	1,401,537	7,763,522	480,774	74,745	344,462	10,311,317
Additions	-	21,703	353,032	36,653	10,907	273,539	695,834
Transfers	-	8,458	-	440	-	(8,898)	-
Disposals	-	-	(1,286,528)	-	-	-	(1,286,528)
Written off in the year	-	-	-	-	-	-	-
Reclassification	50,000	(80,194)	-	-	-	(96,133)	(126,327)
Translation difference	-	-	6,760	152	-	-	6,911
At 31 December 2021	296,278	1,351,504	6,836,785	518,019	85,651	512,970	9,601,207
Accumulated depreciation and impairment:							
At 1 January 2020	-	758,079	6,014,752	329,331	59,277	-	7,161,440
Charge for the year	-	50,288	730,144	73,253	449	-	854,134
Elimination on disposals	-	-	(1,006,230)	-	-	-	(1,006,230)
Written off in the year	-	(7,250)	-	-	-	-	(7,250)
Translation difference	-	14,032	44,325	(37,535)	3,591	-	24,413
At 31 December 2020	-	815,149	5,782,991	365,050	63,318	-	7,026,507
At 1 January 2021	-	815,149	5,782,991	365,050	63,318	-	7,026,507
Charge for the year	-	53,784	622,985	93,561	843	-	771,173
Elimination on disposals	-	-	(1,190,076)	-	-	-	(1,190,076)
Written off in the year	-	-	-	-	-	-	-
Reclassification	-	(36,409)	-	-	-	-	(36,409)
Translation difference	-	12,480	47,257	(48,508)	4,255	-	15,484
At 31 December 2021	-	845,004	5,263,156	410,103	68,416	-	6,586,680
Carrying amount:							
31 December 2020	246,278	586,388	1,980,531	115,725	11,427	344,462	3,284,811
31 December 2021	296,278	506,500	1,573,628	107,916	17,235	512,970	3,014,527

i). A summary of property, plant and equipment pledged as collateral for borrowings as at 31 December 2021 indicated in Note 27 is presented below:

	Cost N'000	NBV N'000
Motor vehicles	1,111,112	598,757
Buildings	679,301	222,986
Land	26,772	26,772
	1,817,184	848,515

(a) Included in the depreciation charged for the year was N41.05m (December 2020 :N52,78m) in the administrative expenses and a charge of N727.03m (December 2020 : N916,83m) to direct costs in the statement of profit or loss and other comprehensive income for the Group representing depreciation for the Coaches, Sprinter & Shuttle Buses and Cargo & Haulage Trucks, used for Passengers and Parcels transportation and goods and other logistics services.

(b) There is an All Asset Debenture Security for the long term loan secured from Fidelity Bank Plc & Access Bank Plc.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

14. Property, plant and equipment

The Company	Freehold		Motor	Equipment	Computer	Capital	Total
	Land	Buildings	vehicle	furniture	equipment	Work-in-	
	N'000	N'000	N'000	and fittings	N'000	progress	
Cost:							
At 1 January 2020	176,278	1,320,716	7,818,896	375,465	69,800	1,636	9,762,791
Additions	-	19,867	744,220	27,870	4,945	17,247	814,149
Transfers	-	-	-	-	-	(18,443)	(18,443)
Disposals	-	-	(1,069,339)	-	-	-	(1,069,339)
Written off in the year	-	(19,241)	-	-	-	-	(19,241)
At 31 December 2020	<u>176,278</u>	<u>1,321,343</u>	<u>7,493,777</u>	<u>403,335</u>	<u>74,745</u>	<u>440</u>	<u>9,469,918</u>
At 1 January 2021	176,278	1,321,343	7,493,777	403,335	74,745	440	9,469,918
Additions	-	21,703	353,032	13,956	10,907	10,266	409,863
Transfers	-	8,458	-	440	-	(8,898)	-
Disposals	-	-	(1,286,528)	-	-	-	(1,286,528)
Written off in the year	-	-	-	-	-	-	-
At 31 December 2021	<u>176,278</u>	<u>1,351,504</u>	<u>6,560,280</u>	<u>417,730</u>	<u>85,652</u>	<u>1,808</u>	<u>8,593,253</u>
Accumulated depreciation and impairment:							
At 1 January 2020	-	748,183	5,957,610	298,554	59,277	-	7,063,624
Charge for the year	-	50,288	724,442	25,659	4,040	-	804,429
Elimination on disposals	-	-	(1,006,230)	-	-	-	(1,006,230)
Written off in the year	-	(7,250)	-	-	-	-	(7,250)
At 31 December 2020	<u>-</u>	<u>791,221</u>	<u>5,675,822</u>	<u>324,213</u>	<u>63,318</u>	<u>-</u>	<u>6,854,573</u>
At 1 January 2021	-	791,221	5,675,822	324,213	63,318	-	6,854,573
Charge for the year	-	53,784	618,474	30,525	5,098	-	707,881
Elimination on disposals	-	-	(1,190,076)	-	-	-	(1,190,076)
Written off in the year	-	-	-	-	-	-	-
At 31 December 2021	<u>-</u>	<u>845,004</u>	<u>5,104,221</u>	<u>354,737</u>	<u>68,416</u>	<u>-</u>	<u>6,372,378</u>
Net book value:							
31 December 2020	<u>176,278</u>	<u>530,122</u>	<u>1,817,955</u>	<u>79,122</u>	<u>11,428</u>	<u>440</u>	<u>2,615,345</u>
31 December 2021	<u>176,278</u>	<u>506,500</u>	<u>1,456,060</u>	<u>62,993</u>	<u>17,236</u>	<u>1,808</u>	<u>2,220,875</u>

i). All property, plant and equipment pledged as collateral for borrowings as at 31 December 2021 indicated in Note 27 in the previous page all belonged to the parent company:

	Cost N'000	NBV N'000
Motor vehicles	1,111,112	598,757
Buildings	679,301	222,986
Land	26,772	26,772
	<u>1,817,185</u>	<u>848,515</u>

(a) Included in the depreciation charged for the year was N35.52m (December 2020:N40.22m) in the administrative expenses and a charge of N672.49m (December 2020 :N764.23m) to direct costs in the statement of profit or loss and other comprehensive income for the Company representing depreciation for the Coaches, Sprinter & Shuttle Buses and Cargo & Haulage Trucks, used for Passengers and Parcels transportation and goods and other logistics services.

(b) There is an All Asset Debenture Security for the long term loan secured from Fidelity Bank Plc & Access Bank Plc.

(c) Capital work-in-progress represents on-going building construction works.

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	Office Building	
	Group	Company
	N'000	N'000
15. Right-of-Use Asset		
Cost		
At 1 January 2021	-	-
Transfer from property, plant and equipment	<u>80,194</u>	-
At 31 December 2021	<u><u>80,194</u></u>	-
Accumulated depreciation		
At 1 January 2021	-	-
Charge for the year	-	-
Transfer from property, plant and equipment	<u>(36,409)</u>	-
At 31 December 2021	<u><u>(36,409)</u></u>	-
Carrying amount:		
At 31 December 2021	<u><u>43,785</u></u>	-
At 31 December 2020	<u><u>-</u></u>	<u><u>-</u></u>

The right of use (Land) relates to a ten year lease contract for land on which factory premises of Transit Support Services Ltd is built. Up to 2018 the lease was reported as prepayment under other assets in the financial statements, while the yearly amortizations were treated as rent expenses in the profit or loss account. With the adoption of IFRS 16, this asset has been reclassified to PPE. The right of use incidental to short term leases are reported under note 21 to the financial statements.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

15.a Goodwill

There was no goodwill arising from business combinations on acquisition of the subsidiaries. This was due to the fact that the subsidiaries were acquired on start-up i.e. there were no retained earnings pre-acquisition. The purchase consideration paid by ABC Plc in ABC Ghana Limited and Transit Support Services Limited formed the net assets of the subsidiaries therefore they were equal and no goodwill earned.

	Group		
	Computer software N'000	Others N'000	Total N'000
16. Intangible assets			
Cost:			
At 1 January 2020	47,391	25,664	73,055
Additions	<u>3,510</u>	<u>1,441</u>	<u>4,951</u>
At 31 December 2020	<u>50,901</u>	<u>27,105</u>	<u>78,006</u>
At 1 January 2021	50,901	27,105	78,006
Additions	<u>12,888</u>	<u>2,706</u>	<u>15,594</u>
At 31 December 2021	<u>63,789</u>	<u>29,811</u>	<u>93,600</u>
Accumulated impairment losses and amortization:			
At 1 January 2020	41,633	10,699	52,332
Amortization charge for the year	<u>4,195</u>	<u>2,815</u>	<u>7,010</u>
At 31 December 2020	<u>45,828</u>	<u>13,514</u>	<u>59,342</u>
At 1 January 2021	45,828	13,514	59,342
Amortization charge for the year	<u>3,098</u>	<u>4,442</u>	<u>7,540</u>
At 31 December 2021	<u>48,926</u>	<u>17,956</u>	<u>66,882</u>
Carrying amount:			
At 31 December 2020	<u>5,073</u>	<u>13,591</u>	<u>18,664</u>
At 31 December 2021	<u>14,863</u>	<u>11,855</u>	<u>26,718</u>

a. This relates to purchase of Computer softwares and other intangibles like Vehicle tracking software, speed limiters etc

b. Included in the amortisation charged for the year was N486,491 (December 2020 : N389,760) in the administrative expenses and a charge of N7,053,361 (December 2020 : N6,620,365) to direct costs in the statement of profit or loss and other comprehensive income.

c. There was no impairment of any intangible asset during the year.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Company		
	Computer software N'000	Others N'000	Total N'000
16. Intangible assets			
Cost:			
At 1 January 2020	47,391	25,664	73,055
Additions	<u>3,510</u>	<u>984</u>	<u>4,494</u>
At 31 December 2020	<u>50,901</u>	<u>26,648</u>	<u>77,549</u>
At 1 January 2021	50,901	26,648	77,549
Additions	<u>12,888</u>	<u>2,706</u>	<u>15,594</u>
At 31 December 2021	<u>63,789</u>	<u>29,354</u>	<u>93,143</u>
Accumulated impairment losses and amortization:			
At 1 January 2020	41,633	10,699	52,332
Amortization charge for the year	<u>4,195</u>	<u>2,758</u>	<u>6,953</u>
At 31 December 2020	<u>45,828</u>	<u>13,457</u>	<u>59,285</u>
At 1 January 2021	45,828	13,457	59,285
Amortization charge for the year	<u>2,983</u>	<u>4,442</u>	<u>7,425</u>
At 31 December 2021	<u>48,811</u>	<u>17,899</u>	<u>66,710</u>
Carrying amount:			
At 31 December 2020	<u>5,073</u>	<u>13,191</u>	<u>18,264</u>
At 31 December 2021	<u>14,978</u>	<u>11,455</u>	<u>26,433</u>

a. This relates to purchase of Computer softwares and other intangibles like Vehicle tracking software, speed limiters etc

b. Included in the amortisation charged for the year was N371,639 (December 2020 : N332,650) in the administrative expenses and a charge of N7,053,361 (December 2020 : N6,620,365) to direct costs in the statement of profit or loss and other comprehensive income.

c. There was no impairment of any intangible asset during the year.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Computer software

The useful life of computer software is determined by management at the time the software is acquired and brought into use and is regularly reviewed for appropriateness. This usually represents management's view of expected period over which the Group will receive benefits from the software but not exceeding the licence term. Computer software are amortised on a straight-line basis over a period of 3 - 5 years which usually do not exceed the term of the software licences. This is applicable to both software licences purchased off-the-shelf and software uniquely developed for the Group by software vendors.

Impairment of intangibles

Impairment will arise where there are indications that the Group will not obtain future economic benefits commensurate with the carrying amounts of the software licence. This could occur in instances of software sub-optimality or due to technological and business process advancements or outright cut-over to another software. Significant use of judgment will be required where there are indications of impairment to software licences to either write-down/write off the carrying amounts or/and reduce the useful lives. Impairment in the current year amounts to Nil (2020 : Nil).

Amortization is charged on intangible assets at cost less residual value over the estimated useful lives using the straight line method as follows:

Asset class	Estimated useful life
Franchise	5 - 10 years
Vehicle tracking software	3 - 5 years
Ticketing systems	5 years
ERP software	5 - 7 years
On-board montage	5 - 7 years
Website	5 - 7 years
Anti-virus software	3 - 5 years

	Held by (Units) In thousand	% voting power	Group		Company	
			2021 N'000	2020 N'000	2021 N'000	2020 N'000
17. Investment in subsidiaries						
ABC Ghana Limited (Note i)	600,000	99%	-	-	6,470	6,470
Transit Support Services Limited (Note ii)	100	50%	-	-	35,000	35,000
			-	-	41,470	41,470

i) ABC Ghana Limited: A Company incorporated in Ghana the 3rd May, 2007. It commenced road passenger transportation services within Ghana and the West Coast between Lagos, Nigeria and Accra Ghana. The company also offer passenger and cargo handling services to ABC Transport Plc.

ii) Transit Support Services Limited (TSS Limited): A Company incorporated in Nigeria in 2007 and engaged in the importation and sales of motor vehicles, motor vehicle spares and installation of motor vehicle speed governing devices.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

17.1 Subsidiary with significant non-controlling interests

a. Name of Subsidiary: Transit Support Services Limited

ABC Transport Plc owns a 50% equity stake in Transit Support Services Limited a company incorporated in Nigeria in 2007 and engaged in the importation and sales of motor vehicles, motor vehicle spares and installation of motor vehicle speed governing devices. A summary of the results and financial position of Transit Supports Services Limited together with relevant disclosures relating to non-controlling interests is provided below in accordance with the requirements of IFRS 12:

Summary of results:

	Group	Subsidiary	Group	Subsidiary
	2021	2021	2020	2020
	N'000	N'000	N'000	N'000
Summary of financial position:				
Current assets	2,917,608	2,529,117	2,493,658	2,450,641
Non-current assets	3,163,781	730,816	3,381,373	494,947
Current liabilities	(4,519,841)	(2,429,661)	(4,150,152)	(3,566,697)
Non-current liabilities	(502,524)	(241,349)	(563,006)	(1,720)
Equity attributable to owners of the company	644,550	294,461	812,031	99,893
Non-controlling interests	414,475	294,461	349,842	99,893

Summary of statement of profit or loss and other comprehensive income:

Revenue	6,569,540	2,324,997	7,751,099	4,702,341
Other operating incomes	548,358	32,707	333,757	67,847
Expenses	(7,206,447)	(2,227,381)	(8,563,742)	(4,570,403)
(Loss)/profit or loss for the year	(88,549)	130,323	(478,886)	199,785
(Loss)/profit attributable to owners of the company	(153,160)	65,162	(323,540)	99,893
Profit/(loss) attributable to the non-controlling interests	64,611	65,162	(155,346)	99,893
(Loss)/profit for the year	(88,549)	130,323	(478,886)	199,785
Other comprehensive income/(loss) attributable to owners of the company	2,154	-	102,915	-
Other comprehensive loss to the non-controlling interest	22	-	-	-
Other comprehensive income for the year	2,176	-	102,915	-

Total comprehensive income attributable to owners of the company	(151,006)	65,162	(476,293)	99,893
Total comprehensive income to the non-controlling interest	64,633	65,162	100,322	99,893
Total comprehensive (loss)/income for the year	(86,373)	130,323	(375,971)	199,785
dends paid to non controlling interest	-	-	-	-

Summary of cash flows:

Net cash in/(out) flow from operating activities	(240,124)	1,496,936	1,855,125	1,496,936
Net cash in/(out) flow from investing activities	(230,651)	(432,294)	(1,067,080)	(432,294)
Net cash in/(out) flow from financing activities	221,012	(523,410)	(240,387)	(523,410)
Net cash inflow/(outflow)	(249,762)	541,232	547,658	541,232

17.2 Change in the Group's ownership interest in a subsidiary

There is no changes in the Group's ownership interest in the subsidiaries during the year.

17.3 Significant restrictions

There are no significant restrictions on the company's or subsidiary's ability to access or use the assets and settle the liabilities of the Group.

17.4 Financial support

The Group has not given any financial support to a consolidated structured entity.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
18. Investment securities:				
18.1. Financial assets - FVOCI				
Unlisted securities:	1,845	1,845	1,845	1,845
Equities (Note 18.1a)				
18.1a Unlisted equity securities movement:				
At 1 January	1,845	1,845	1,845	1,845
Fair value gain (Note 25)	-	-	-	-
At 31 December	1,845	1,845	1,845	1,845

Financial assets- FVOCI equities is analysed as follows:

	No. of shares Thousand	Cost per unit N	Total Cost N'000
18.1b ABC Express Courier (ABEX) Limited	1,845	1	1,845
Current		-	-
Non Current		1,845	1,845
		1,845	1,845

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
18.2 Financial assets designated at fair value through profit or loss				
At 1 January	15,509	19,377	15,508	19,377
Additions in the year	-	-	-	-
Withdrawal	-	(4,998)	-	(5,000)
Fair value gain (Note 7.4)	853	1,131	853	1,131
At 31 December	16,362	15,509	16,361	15,508

The entire amount reported for the group was invested by the parent company.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
19. Inventories				
Motor vehicle spares	705,593	771,094	174,074	184,558
Fuel and diesel	12,485	10,444	12,485	10,444
Stationeries and printed materials	20,120	11,344	20,120	11,344
Oil and lubricants	9,495	6,068	9,495	6,068
Snacks and fruit drinks	236	305	236	305
Uniform and promotional materials	1,380	350	1,380	350
Sanitation materials	232	221	232	221
City Transit Inn (CTI)	1,740	1,408	1,740	1,408
Goods in Transit	10,534	-	10,534	-
	761,815	801,235	230,295	214,698

(a). Inventories value of N761.8 million (2020 : N801.2 million) were carried at net realisable value. The amount charged to statement of profit or loss and other comprehensive income in respect of written down value of inventories to net realizable value is N11.4 million (2020 : N11.4 million). There are no inventories pledge as securities for liabilities. CTI inventory include food items, food and beverage consumables, house-keeping items, etc while TSS inventory are tyres, oil filters, air filters, fuel filters, flat beds and auto control products held for sale. The Group expects to consume all inventory existing at the reporting date within twelve months thereafter.

(b). Inventory consumed by the Group within the period included in direct cost amounted to N3.62 billion (2020 : N4.72 billion).

	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
20. Trade and other receivables				
Included within current assets:				
Trade receivables	278,969	421,618	81,633	74,098
Allowance for trade receivables (Note 20.2)	(41,574)	(59,180)	(28,546)	(21,926)
	237,395	362,437	53,086	52,172
Amounts owed by staff (Note 20.3)	81,830	74,616	81,716	73,025
Amounts due from related parties (Note 20.5)	-	-	212,891	276,467
	319,225	437,053	347,694	401,664

20.1 Trade receivables

i. Allowance is made for all receivables ranging from age zero to 365 days and above. The group has recognised 100% allowance for debts over 365 days because historical experience has shown that debts in this category are usually irrecoverable. Allowances are also made for debts between 61 days and 365 days based on percentages that reflect the best estimate of collection with reference to entity's historical experience and an analysis of the debtor's financial position.

ii. Included in the amount due (to)/from related parties is an amount of N1,650,758 million (2020:N1,650,758 million) owed by ABEX express parcel service. ABC Transport Plc has a 5% equity stake in Abex Ltd. The amounts owed by Abex Ltd. has been fully impaired.

iii. There is barter arrangement with the Federal Radio Corporation of Nigeria (FRCN), Guardian Newspapers and Daily Trust Newspaper, the amounts charged against these barter customers are technically not receivable from the customer but can be used at anytime by the group for advert placements in any of the broadcast stations under the FRCN.

iv. All trade are included within current assets and are stated after making allowance for bad and doubtful balances and analysed below:

Allowances are made for all group debts.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
20.2 Movement in the allowance for doubtful debt-trade receivables				
At 1 January	59,180	40,796	21,926	29,880
Impairment losses recognised on receivable	(17,606)	18,384	6,620	(7,954)
Impairment write back on receivable	-	-	-	-
Amounts written off as bad debt during the year	-	-	-	-
At 31 December	41,574	59,180	28,546	21,926

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

20.3 Staff receivables

The entity also has receivables from staff who owe the group. Staff debts are either in form of loans or unretired IOUs charged directly to the staff's account.

The staff debts for the group are 100% attributable to the parent company

Gross amount owed by staff	216,157	214,183	216,043	212,592
Allowances for staff debts (Note 20.4)	(134,327)	(139,567)	(134,327)	(139,567)
Staff receivables (net)	81,830	74,616	81,716	73,025

The group makes specific allowances for staff receivables based on parameters such as the employment status of the staff concerned (whether dormant or disengaged) and/or if the debt is an unretired IOU. 100% allowances are made for unretired IOUs immediately they become due (usually 7 days).

Interests are not charged on overdue debts that arise as a result of IOUs.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
20.4 Movement in the allowance for doubtful debt-staff receivables				
At 1 January	139,567	126,178	139,567	126,178
Impairment (writeback)/losses recognised on staff receivable	(5,240)	13,389	(5,240)	13,389
At 31 December	134,327	139,567	134,327	139,567

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20.5 Receivables from related parties

The group has receivables/payables from related parties. The bulk of these amounts do not arise from trade activities but usually from shared costs and other reimbursable.

The aggregate value of transactions and outstanding balances relating to these entities were as follows:

Related Parties	Nature of Transactions	Relationship	Group		Company	
			2021 N'000	2020 N'000	2021 N'000	2020 N'000
Due from related parties						
Due from Abex Express	Sales	Investee Company	1,651	1,651	1,651	1,651
Due from ABC Ghana	Advance	Subsidiary	-	-	276,013	276,467
Due from Transit Support services	Purchases and lease	Subsidiary	-	-	-	-
			<u>1,651</u>	<u>1,651</u>	<u>277,664</u>	<u>278,118</u>
Impairment on intercompany receivables			<u>(1,651)</u>	<u>(1,651)</u>	<u>(64,773)</u>	<u>(1,651)</u>
			<u>-</u>	<u>-</u>	<u>212,891</u>	<u>276,467</u>
Due to related parties						
Due to Mayfair Suite	Advance	Related party to core investor	(1,864)	-	(1,864)	-
Due to Rapido Ventures	Advance	Related party to core investor	(19,361)	(22,085)	(39,020)	(42,639)
Due to Transit Support services	Purchases and lease	Subsidiary	-	-	(421,834)	(654,882)
			<u>(21,225)</u>	<u>(22,085)</u>	<u>(462,718)</u>	<u>(697,521)</u>
Net Due to related companies			<u>(21,225)</u>	<u>(22,085)</u>	<u>(249,827)</u>	<u>(421,054)</u>

i. The amounts outstanding are unsecured and will be settled in cash.

ii. Intra-group receivables/payables have been eliminated on consolidation.

iii. The Managing Director of ABC Transport Plc, Mr Frank Nneji is the largest shareholder in both Rapido Ventures Ltd and ABC Transport Plc and is equally the Chairman of Rapido Ventures Ltd.

iv. All transactions with these related parties were priced at arm's length

v. ALLOWANCES ON RELATED PARTY RECEIVABLES

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Closing balance-ABEX LTD	1,651	1,651	1,651	1,651
Impairment recognised-ABC Ghana Ltd	-	-	63,122	-
Impairment recognised- Transit Support Services	-	-	-	-
	<u>1,651</u>	<u>1,651</u>	<u>64,773</u>	<u>1,651</u>

Total impairment in related party receivables stood at N104m as at 31 December 2021, N1.65m relates to balance from ABEX Ltd arising in the ordinary course of business. 100% allowance was made as the debt has been outstanding for over 365 days. N65.6m relates to inter-company balance due from ABC Ghana Ltd. Operations of the subsidiary was halted due to cessation of operations along the West Coast of Africa due to the COVID-19 pandemic which has of present impaired its ability to make payments to service the debt owed the parent company and N36.8 million relates to inter-company balance due from Transit Support Services and other balances arising in the course of ordinary business. Impairment was estimated by discounting probability weighted cashflows under different scenarios based on different future dates the company is expected to recommence operations.

ABC TRANSPORT PLC

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	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
21. Other assets				
Prepaid rent-Right of Use	50,729	39,373	36,371	30,841
Prepaid insurance	11,433	8,517	11,433	7,422
Withholding taxes recoverable	362,169	313,323	267,424	226,409
Deposits for vehicle and spares	42,932	14,717	-	-
Others	1,018,380	441,512	48,860	67,024
	1,485,644	817,442	364,088	331,696
Impairment allowance (Note 21.1)	(26,299)	(70,743)	(21,519)	(49,764)
	1,459,345	746,700	342,569	281,932

The Prepaid rent-right of use relates to prepaid rent on a short term basis(usually 12 months) of property for operations and crew guest houses. Initial direct costs are added to the prepayments and amortised on a straight line basis.

21.1 Movement in the impairment charge:

At 1 January	70,743	57,974	49,764	41,341
Impairment (written back)/ charged in the year	(44,443)	12,769	(28,245)	8,423
At 31 December	26,299	70,743	21,519	49,764

Impairment on other assets relates to 10% allowance on Withholding tax recoverable and other assets.

22. Cash and cash equivalents

For the purposes of the consolidated statements of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated statements of financial position.

Cash and bank balances as presented in the statement of financial position

Cash in hand	9,515	10,119	9,340	6,931
Cash at bank	365,933	496,830	63,433	75,904
Gross cash and bank balances	375,448	506,949	72,773	82,835

Cash and bank balances as per statement of financial position

	375,448	506,949	72,773	82,835
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22.1 Bank overdrafts

	(322,595)	(204,335)	(195,149)	(204,335)
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Cash and bank balances as per statement of cash flows

	52,853	302,615	(122,376)	(121,500)
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ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
23. Share capital				
Authorised:				
At 31 December 2,000,000,000 ordinary shares of 50k each	1,000,000	1,000,000	1,000,000	1,000,000
23.1 Issued and fully paid:				
At 31 December 1,657,700,000 ordinary shares of 50k each	828,850	828,850	828,850	828,850
23.1a Issued share capital comprises of:				
420,000,000 ordinary shares at 50k each (December 2005)	210,000	210,000	210,000	210,000
420,000,000 ordinary shares at 50k each (April 2006)	210,000	210,000	210,000	210,000
666,700,000 ordinary shares at 50k each (September 2006)	333,500	333,500	333,500	333,500
150,700,000 ordinary shares at 50k each (September 2015)	75,350	75,350	75,350	75,350
At 31 December	828,850	828,850	828,850	828,850
23.1.b Minimum issued share capital for existing company - Section 124 of CAMA 2020				
In line with the company's regulations of 2020 released by the Corporate Affairs Commission in December 2020, a company that has an unissued shares in its capital shall not later than 31 December 2022 fully issue such shares.				
23.2 Share premium				
420,000,000 ordinary share premium at 50k each (December 2005)	210,000	210,000	210,000	210,000
420,000,000 ordinary share premium at 50k each (April 2006)	210,000	210,000	210,000	210,000
666,700,000 ordinary share premium at 50k each (September 2006)	333,500	333,500	333,500	333,500
	753,500	753,500	753,500	753,500
Total direct expenses on the issue of shares	(194,584)	(178,109)	(194,584)	(178,109)
At 31 December	558,916	575,391	558,916	575,391
24. Loss sustained				
At 1 January	(617,318)	(39,139)	(538,013)	81,399
Transferred from statement of profit or loss and other comprehensive income	(153,160)	(578,179)	(263,767)	(619,412)
At 31 December	(770,478)	(617,318)	(801,780)	(538,013)

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
25. Other comprehensive income reserves				
At 1 January	25,108	(76,778)	18,188	18,188
Remeasurement of defined benefit obligation (Note 28.3)	-	-	-	-
Exchange differences on translating foreign operations (Note 25.1)	2,154	101,886	-	-
At 31 December	27,262	25,108	18,188	18,188

25.1 The exchange differences arose from the translation of the results and net assets of the group's foreign operations from the functional currency to the group's presentation currency (i.e translating ABC Ghana's results from cedis to naira). These are recognised directly in other comprehensive income and accumulated in the foreign exchange revaluation reserve.

	Group	
	2021 N'000	2020 N'000
26. Non-controlling interests		
At 1 January	349,842	249,520
Share of profit for the year	64,611	99,293
Other comprehensive income reserve:		
Exchange differences on translating foreign operations	22	1,029
Remeasurement of defined benefit obligation	-	-
At 31 December	414,475	349,842

26.1 These are the net assets of the non-controlling interests in the group.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
27. Loans and borrowings				
a. Secured amounts:				
Bank overdrafts (Note 22.1)	322,595	204,335	195,149	204,335
Term loans (Note 27.1)	977,602	588,213	553,380	588,213
Total borrowed fund	1,300,197	792,547	748,529	792,547
b. Analysis by maturity:				
Current - due within 1 year	1,075,813	561,368	707,625	561,368
Non-current - due after 1 year	224,384	231,179	40,904	231,179
	1,300,197	792,547	748,529	792,547

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	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
27.1 Movement in borrowings other than overdraft				
At 1 January	588,213	575,521	588,213	575,521
Additional loans and borrowings	837,075	314,646	300,000	314,646
Deferred income - IFRS 9	(28,453)	-	-	-
Repayments of loans and borrowings	(419,232)	(301,954)	(334,833)	(301,954)
At 31 December	977,602	588,213	553,380	588,213

27.2 Summary of borrowing arrangements

i) Borrowing from Diamond Bank Plc (currently known as Access Bank) to part finance (N70.2m and N175m) 90% purchase and import of vehicles for a tenor of 24 months each. The loan balances was restructured into a loan of N190m during the COVID-19 lockdown and extended by 10 months. Securities provided for the loan are legal mortgage over terminal at Plot 7, Cadastral Zone 5 Abuja, property at 52 Ikorodu Road, Jibowu Lagos, insurance over properties, joint ownership of vehicles financed, and personal guarantee of the Managing Director. The coupon interest rate for the the restructured loan is 20% per annum. In May 31, 2021 the interest rate was upwardly reviewed to 24%. Outstanding balance on the facility as at 31 December 2021 is N51.7m.

ii) Borrowing from Fidelity Bank Plc to part-finance the purchase/importation of new buses. Amount offered was N312m for a tenor of 30 months. The amount is being drawn in 2 tranches N182.4m and N132.245m respectively. Securities provided for the loan are Legal Ownership of the assets/ all the hiace buses and setrac buses purchud with the facility, Comprehensive insurance on the asset financed noting Fidelity Bank as loss payee, and personal guarantee of the Managing Director. The interest rate for the loan was 19% per annum . In October 2021 the interest rate was reviewed upwardly to 20%. Outstanding balance on the facilities are N83.3m and N85.5m respectively, as at 31st December 2021.

iii) The group also has an overdraft facility of N200m with a tenor of 365 days. It was taken to meet up with some working capital needs. Securities provided for the overdraft are legal mortgage over terminal at Plot 7, Cadastral Zone 5 Abuja, property at 52 Ikorodu Road, Jibowu Lagos, insurance over properties, domiciliation of payment from Lafarge and Unicem Plc, and personal guarantee of the Managing Director. The lending interest is at 20% per annum. The account was drawn to the tune of N186.89m as at 31 December 2021.

28. Post employment benefits

i) The Group operated a contributory pension scheme of 19% where both employer and employee contribute 11% and 8% each of the gross emolument. Also management put in place gratuity for staff that have been in the employment of the company for a minimum of five (5) years and a long service grant of two hundred thousand naira (N200,000) for drivers who have served the company up to ten (10) years. The long service grant has been reviewed downwards to one hundred thousand naira (N100,000) with effect from January 2016. However, as at 1st of April 2019, the Group terminated the scheme.

ii) The defined benefit scheme is unfunded with no assets specifically set aside to meet obligations as at when due. Funds are retained in the Group's business to meet due obligations.

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	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
28.1 Statement of financial position				
Defined contribution schemes (Note 28.2)	295,653	264,843	295,653	264,843
Defined benefit obligation schemes (Note 28.3)	171,733	225,173	169,381	222,287
Total amount presented in the statement of financial position	467,387	490,016	465,034	487,129
28.2 Movement in defined contribution scheme:				
At 1 January	264,843	227,146	264,843	227,146
Deducted in the year	69,918	59,597	69,918	59,597
Remitted in the year	(39,107)	(21,900)	(39,107)	(21,900)
At 31 December	295,653	264,843	295,653	264,843
28.3 Movement in benefit obligation scheme:				
At 1 January	225,173	251,138	222,287	248,102
Current service cost (Note 9)	-	-	-	-
Interest cost (Note 9)	-	-	-	-
Adjustments and write backs upon cessation	(3,957)	-	(3,957)	-
Remeasurement of defined benefit obligation (Note 25)	-	-	-	-
Benefits paid	(49,483)	(25,965)	(48,949)	(25,815)
At 31 December	171,733	225,173	169,381	222,287
28.4 The present value of the liabilities of the scheme				
The amount included in the statement of financial position arising from the Group's obligation in respect of its defined benefit scheme is as follows:				
Gratuity	170,146	245,540	167,881	242,502
Drivers long service grant	1,500	5,600	1,500	5,600
	171,646	251,140	169,381	222,287
29. Provisions				
At 1 January	78,959	71,414	78,959	71,413
Additions for the year (Note 29.1)	1,579	12,458	1,579	12,458
Write back during the year	(1,825)	(4,912)	(1,825)	(4,912)
At 31 December	78,713	78,959	78,713	78,959
Analysis by maturity:				
Current liabilities	-	-	-	-
Non-current liabilities	78,713	78,959	78,713	78,959
	78,713	78,959	78,713	78,959

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29.1 The provisions in the financial statements relate to judgment sums (N25.361 million) on cases decided by the courts against the the company which have gone on appeal and penalties (N46.052 million) on unremitted statutory deductions. The Group is optimistic that the ultimate liabilities on these cases will be lesser than the amount provided.

i. The number of grants expected to crystallize under the customer loyalty programme is immaterial hence no provision has been made in connection thereto.

ii. There are no other constructive or legal obligations for which the entity is expected to make provisions as at 31 December 2020.

iii. All provisions reported by the group are attributable to the parent company.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
30. Trade and other payables				
Trade payables	1,147,769	1,720,005	240,185	273,742
Accruals	156,920	89,114	128,604	77,964
Amounts due to related parties (Note 20.5)	21,225	22,085	462,718	697,521
Industrial Training Fund Levy	12,649	13,031	11,733	12,138
Nigeria Social & Industrial Training Fund	8,205	11,275	8,091	11,275
Unclaimed dividends	51,511	58,476	51,511	58,476
Co-operative liabilities	18,920	31,518	18,920	31,518
Value added tax liabilities	437,864	277,482	238,752	134,326
Withholding tax liabilities	66,903	81,161	2,391	17,760
Pay-As-You-Earn liabilities	9,039	16,488	8,739	16,230
Staff welfare liabilities	34	58	34	58
Other payables	730,234	724,642	48,788	61,574
Customer cash transfer	-	-	-	-
	<u>2,661,273</u>	<u>3,045,336</u>	<u>1,220,465</u>	<u>1,392,582</u>

All the liabilities above are classified as current

a.i) The average credit period for the purchases of major items is 30 days. However, with certain arrangement with major suppliers, payment terms can be renegotiated for longer periods.

a.ii) Trade and other payables are non-interest bearing and hence approximate their fair values. The Group does not have any derivative financial instrument.

b) Statutory liabilities such as VAT, WHT, PAYE, ITF, NSITF are expected to be settled in line with the relevant laws/regulations setting them up. With the exception of ITF which is payable yearly, the rest are payable monthly. The entity has defaulted in remitting VAT on a monthly basis and expects future liabilities arising from penalties from the tax authorities. Probable amounts of charges arising from unremitted statutory liabilities have been estimated and provision accordingly made (see Note 29).

c) Unclaimed dividend represents the total unclaimed dividend pool to several shareholders as at 31 December 2021. The amounts have been invested in line with the provisions of the Investment and Securities Act 2007.

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
31. Deferred income				
Deferred income from cargo operations	11,613	8,471	11,613	8,471
Deferred income from leased warehouse	16,423	11,569	16,423	11,569
Deferred income from staff recoveries	69,311	53,720	69,311	53,720
Deferred fair value gain on borrowed fund	28,453	-	-	-
	<u>125,800</u>	<u>73,760</u>	<u>97,347</u>	<u>73,760</u>

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31.1. Movement in deferred income from cargo operations is as follows

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
At 1 January	8,471	8,955	8,471	8,955
Recognition in Profit or Loss within the year	(8,471)	(8,955)	(8,471)	(8,955)
Addition	11,613	8,471	11,613	8,471
At 31 December	<u>11,613</u>	<u>8,471</u>	<u>11,613</u>	<u>8,471</u>

Deferred income from cargo relates to contract liabilities for cargo items either yet to be shipped or still in transit as 31 December 2021.

32. Commitments

The Group had no commitments as at 31 December 2021 (31 December 2020: Nil).

33. Provisions

Legal proceedings - The Group's solicitors reviewed all the outstanding cases at the end of each financial period and advised on the possibility or otherwise of each particular case resulting in a liability against the group after taking due cognisance of the peculiar circumstances of the case in question, the possibility of settling out of court on mutually agreed terms or by arbitration. The solicitors equally advised on the likely timing for the judgment or settlement and amount of the liability.

Appropriate provision has been made in these consolidated financial statements for likely liabilities arising from these cases. See Note 29 for details.

34. Related parties

34.1 Directors and key management compensation

Directors

Aggregate emoluments of the directors of the company were as follows:

	Group and Company	
	2021 N'000	2020 N'000
Salaries, fees and sitting allowances	57,836	54,257
Incentives (rent of MD's premises)	6,000	6,000
	<u>63,836</u>	<u>60,257</u>

Key management compensation

Aggregate compensation for key management, being the directors and members of the executive management was as follows:

Short-term employee benefits	114,525	92,485
Post employment benefits	-	-
Defined contribution schemes	3,144	2,304
	<u>117,669</u>	<u>94,789</u>

Executive management refers to the management staff from the level of Assistant General Manager and above.

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34.2 Related party transactions

The Group's related party transactions are with ABEX Courier Ltd, Rapido Ventures Ltd and Mayfair Suites and Conference Centre. At 31 December 2021, the total invoices to and from the related parties are analysed below:

	ABC Co-op N'000	Abex N'000	Rapido N'000	Mayfair N'000	Total N'000
2021					
Group to the related parties	<u>-</u>	<u>1,650</u>	<u>6,561</u>	<u>-</u>	<u>8,211</u>
Related party invoices to the Group	<u>18,920</u>	<u>-</u>	<u>13,502</u>	<u>7,989</u>	<u>40,411</u>
2020					
Group to the related parties	<u>-</u>	<u>-</u>	<u>3,574</u>	<u>-</u>	<u>3,574</u>
Related party invoices to the Group	<u>-</u>	<u>-</u>	<u>41,464</u>	<u>-</u>	<u>41,464</u>

Abex Express Parcel Services Limited

ABC Transport Plc owns 5% of the share capital of Abex Express Parcel Services Limited. Included in trade receivables at 31 December 2021 is the sum of N1,650,757.73 (2020 : (N1,650,757.73) due from Abex to ABC Transport Plc, which has been fully impaired. The Group provided no cargo services to ABEX Express Parcel Services for the year ended 31 December 2021 (2020 : Nil) while Abex Limited provided no courier services (2020 : Nil) to the Company. The services were provided at arm's length.

Rapido Ventures Limited

The managing director of ABC Transport Plc, Mr Frank Nneji is the largest shareholder in both Rapido Ventures Limited and ABC Transport Plc and is equally the Chairman of Rapido Ventures Limited. ABC Transport Plc owed Rapido Ventures the sum of N42.6 million as at 31 December 2021 (2020: N22.1 million) which is reported as part of other payables. The nature of the major transactions between the group and Rapido are the reimbursable costs of operation which include the diesel issued to Rapido, sales of sausage rolls for onboard entertainment, shared cost of administrative and building costs, since they share the same premises. The group sometimes helps with cargo delivery on behalf of Rapido. Rapido invoices to the group mainly involves rent of premises to ABC Transport Plc and Transit Support Services Ltd. All transactions are carried out at arm's length.

Mayfair Hotels and Suites

The wife of ABC Transport's managing director is the managing director of Mayfair Hotels and Suites, which offers hospitality services to ABC Transport Plc. Mayfair Hotels did not owe ABC Transport Plc as at 31 December 2021 (2020: Nil). Mayfair is the official hotelier for the group as they cater for the group's clients and guests. The standard room rate apply except in cases where, at the discretion of hotel management, discounts are given. The group, principally through the parent issues diesel to Mayfair Hotels at standard terms also.

Transactions with directors other than compensation

During the twelve months ended 31 December 2021 neither any director or any other executive officer nor any associate of any director or any other executive officer was indebted to the Company.

During the twelve months ended 31 December 2021, the Company has not been a party to any other material transaction, or proposed transactions in which any member of the key management personnel (including directors, any other executive officer, senior manager, any spouse or relative of any of the foregoing or any relative of such spouse) had or was to have a direct or indirect material interest.

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	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
35. Employees				
The average employee headcount by nature of activity and by segment is shown below:				
By Activity:				
Operations	777	894	769	853
Accounts	45	50	43	48
Audit	21	25	21	25
Customer service and marketing	13	17	5	9
Materials management	32	39	29	35
Fleet maintenance	201	254	179	231
Hospitality	30	34	30	34
Legal	3	2	3	2
Human resources/administration	34	44	33	43
Cost control and planning	3	3	3	3
General management	11	30	9	28
	1,170	1,392	1,124	1,311
By Segment:				
a) Business segment				
Coach	77	103	77	103
Sprinter	98	132	98	132
Shuttle	90	119	90	119
Trading-Transit Support Services Ltd	44	45	-	-
Cargo	443	404	443	404
Haulage	44	81	44	81
CTI	30	34	30	34
Others	344	438	342	438
	1,170	1,356	1,124	1,311
b) Geographical segment				
Nigeria	1,169	1,342	1,123	1,297
Ghana	1	14	1	14
	1,170	1,356	1,124	1,311
The total cost incurred in respect of these employees (including directors) was:				
Wages and salaries and allowances etc	1,016,423	753,714	919,266	660,936
Medical expenses	25,455	23,143	25,304	22,944
Staff retirement benefits	-	-	-	-
	1,041,878	776,857	944,570	683,879

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

36. Financial instruments risk management

The board risk management committee provides the strategic direction for the overall risk management within the Group. Risk management policies approved at the board level are thereafter passed down through the managing director who oversees the implementation in conjunction with the Group Head of Finance and Chief Internal Auditor using various management organs including the budget and finance committees.

The Group's exposure to risks arising from financial instruments as at 31 December 2021 are as presented below:

	Group and Company	
	2021	2020
	N'000	N'000
Cash at bank and in hand	375,448	506,949
Trade and other receivables	360,799	496,234
Total	736,248	1,003,183

Credit risk management

The Group has a high credit risk exposure on trade receivables. Credit exposures arise from the haulage and consolidated cargo business as proceeds from passenger business are received in advance. The haulage business services big manufacturing concerns with billings done at intervals (usually a period of one month) and payments after another interval depending on the contractual terms. While a major part of the cargo revenue is received on cash basis, about 15%-20% credit is granted to institutional customers with a credit period of about one month. Billings for haulage are done in two cycles on a monthly basis. For the trading (Transit Support Services Ltd) customers are required to make deposits with the balance payment made on delivery of the motor vehicles and/or spares. In some instances, however, credits are extended to customers based on the specific circumstances of each transaction with consideration to risk. Though there is a subsidiary that operates in Ghana, the bulk of the credit risk is concentrated in Nigeria within the Haulage and cargo business segments as mentioned above.

Gross allowance on doubtful trade receivables was N41.6 million as at 31 December 2021 (2020 : N59.2 million).

The Group manages the credit risk from trade receivables through adequate profiling of customers, granting credit to only blue-chip companies in the haulage business. Credit limits are equally placed on cargo debtors according to their established credit profiles. The treasury units monitor credit with follow-up for collection upon maturity.

The exposure on staff loans is equally managed by profiling staff for purposes of granting loans and advances. Gross allowance on doubtful staff debts was N134.3 million as at 31 December 2021 (2020 : N139.6 million).

37. Liquidity risk

The Group faces the risk of liquidity as a result of the gap between the payment by trade debtors for services rendered and the pressure of immediate payment for inputs, repayment of borrowings, taxes and other obligations. Liquidity risk is managed as follows:

- Negotiation of credit terms with suppliers.
- Negotiation of instalments plan with the tax and other relevant authorities.
- Follow-up on matured credits for prompt collection.
- Stocking of only vital inventory items.
- Negotiation of overdraft facilities in periods of immense pressure leveraging on the Group's high credit rating.
- Maintaining a portfolio of borrowings with a varied maturity profile.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

38. Maturity of borrowings

The maturity profile of the anticipated future cash flows including interest in relation to the Group's non-derivative financial liabilities on an undiscounted basis which therefore differs from both the carrying value and fair value is as follows:

	Bank loans N'000	Import Finance loans N'000	Trade payables N'000	Other payables N'000	Total N'000
31 December 2021					
Within 6 months	626,493	-	1,147,769	1,513,504	3,287,766
In 6 to 12 months	126,725	-	-	-	126,725
In 12 to 18 months	103,206	-	-	-	103,206
In 18 to 24 months	68,663	-	-	-	68,663
In more than 24 months	52,516	-	-	-	52,516
	977,602	-	1,147,769	1,513,504	3,638,875
31 December 2020					
Within 6 months	207,426	-	1,720,005	1,325,330	3,252,762
In 6 to 12 months	148,957	-	-	-	148,957
In 12 to 18 months	131,183	-	-	-	131,183
In 18 to 24 months	60,389	-	-	-	60,389
In more than 24 months	40,257	-	-	-	40,257
	588,213	-	1,720,005	1,325,330	3,633,548

39. Interest rate risk

The Group finances the acquisition of vehicles through bank borrowings which are often secured on the assets of the Group, the vehicles acquired and the personal guarantees of the directors. The employment of this source of funding is substantial in comparison with the equity holders funds and presents a key source of uncertainty and risk in view of the impact of interest rate fluctuations on financing costs, the pressure of repayments on liquidity and the adverse consequences of repayment defaults.

The Group has a track record of keeping with the terms, conditions and covenants of its borrowings which has accorded it a very high credit rating within the financial community. This, it exploits to negotiate financing at concessionary interest rates with its financiers with relative ease. In recent times there has been an increasing shift in focus for fund sourcing from the traditional financial institutions whose interest rates are benchmarked in line with the Central Bank of Nigeria's monetary policy rates (MPR) to industrial banks providing cheaper financing targeted at the development of critical sectors of the economy in line with the government's fiscal objectives.

An analysis of the borrowings at 31 December 2021 with the associated interest rates is provided under note 27.1 to these financial statements. Interest on borrowings is usually benchmarked against the Monetary Policy Rate (MPR) of the Central Bank of Nigeria which represents the rate at which the CBN lends to banks. From past experience changes in the rate have always led to an overall increases/decreases in the coupon rates of borrowings by an average of one to two percent. Had the effective interest rate on borrowings been higher by 1% or 2% in 2021, there would have been an increase in the finance charges reported in Statement of Profit or Loss by approximately N14.9m and N23.26m both for the group.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

40. Foreign exchange risk

The Group is exposed to foreign exchange risk in the repatriation of funds generated in foreign currency on its west coast operations, in the transfer of funds to overseas for vehicle spares, and on balances on its domiciliary accounts. Funds generated from foreign operations are usually lodged in interest bearing accounts with banks of the country where they were generated and transferred to Naira denominated correspondent banks targeting periods of favourable exchange rates between the Naira and the foreign currency. Procurements are equally planned to ensure transfers to overseas suppliers are made in periods of favourable exchange rates.

The Group is exposed to foreign exchange risk arising from fluctuations in exchange rates between the Naira and the Ghanaian Cedi, and the Naira against the USD. The results of the Group's foreign operations in Ghana are converted to Naira at the average rates prevailing within the period. In 2021, a total amount of GHS191,833 earned from foreign operations was recognized in the income statement at an average exchange rate of N68.15/GH. Transactions through the domiciliary accounts (for the company) are converted at the rates ruling on the dates of transaction while balances at the end of the reporting period are converted at the CBN official ruling rate at the end of the reporting period with differences taken to profit or loss. Naira is usually purchased at the rate prevailing on transactions dates and paid into the USD denominated domiciliary account for overseas procurement of vehicles spares and payment to foreign software vendors. Transactions through the domiciliary accounts in 2021 (majorly for spares purchase) amounted to USD 58,469. While the exchange rate closed officially at N412.99/USD in 2021, the rate was appreciable higher (at about 574/USD) at the parallel market. The Company often source foreign exchange from the parallel market for transfers to overseas spares suppliers due to the delay associated with obtaining forex at the official rate through the banks and other official dealers.

Transit Support Services Ltd has a revolving credit line of USD 3.5 million with one of her major foreign partners Shaanxi Heavy Duty Import and Export Ltd China, with a clean-up cycle of 365 days and an interest rate of 9% per annum. A total of USD 2.42 million was utilized in 2021 for importation of semi-knocked-down parts (SKD) for local vehicle assembly, fully built vehicles and spare parts, all for resale. Foreign exchange risk incidental to this is managed by (1) utilization of the credit majorly to service prepaid orders, (2) conversion of proceeds of sales immediately into USD and (3) opening up of several sources for forex supply to ensure steady forex supply to service the credit. An exchange gain of N56.76m was recorded in the facility in 2021.

41. Capital management

The following table summarizes the capital of the Group and company:

	Group		Company	
	2021	2020	2021	2020
	N'000	N'000	N'000	N'000
a. Cash and bank balances	52,853	302,615	(122,376)	(121,500)
Borrowings and leases	1,300,197	792,547	748,529	792,547
Net debt	1,353,050	1,095,162	626,153	671,047
Equity	617,288	786,923	585,986	866,228
Capital	1,970,338	1,882,085	1,212,139	1,537,275

The Group's policy is to ensure that some profit is retained to finance further growth which is complemented with bank borrowings where funds cannot be fully sourced internally.

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt (which includes the borrowings and finance lease obligations) disclosed in Notes 27 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the relevant notes in the financial statements. The Group is not subject to any externally imposed capital requirements. The management of the Group reviews the capital structure on a frequent basis to ensure that gearing is within acceptable limit.

ABC TRANSPORT PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
b. Gearing ratio				
The gearing ratio at the year end is as follows:				
Loans and borrowings	<u>1,300,197</u>	<u>792,547</u>	<u>748,529</u>	<u>792,547</u>
Total debt	<u>1,300,197</u>	<u>792,547</u>	<u>748,529</u>	<u>792,547</u>
Equity	<u>1,059,025</u>	<u>1,161,873</u>	<u>604,174</u>	<u>884,416</u>
Debt to equity ratio	123%	68%	124%	90%

i. Debt is defined as current borrowings, non current borrowings and finance lease obligations.

ii. Equity includes all capital and reserves of the Group that are managed as capital.

Group	Carrying amount				Total N'000
	Amortised Cost N'000	FVTPL N'000	FVTOCI N'000	Non- financial N'000	
42. Categories of financial instruments					
31 December 2021					
Assets					
Property, plant and equipment	-	-	-	3,014,527	3,014,527
Right of use assets	-	-	-	43,785	43,785
Intangible assets	-	-	-	26,718	26,718
Financial assets - FVOCI	-	-	1,845	-	1,845
Financial assets - FVTPL	-	16,362	-	-	16,362
Deferred tax asset	-	-	-	60,543	60,543
Inventories	-	-	-	761,815	761,815
Trade and other receivables	237,395	-	-	81,829	319,225
Current tax asset	-	-	-	1,776	1,776
Other assets	-	-	-	1,459,345	1,459,345
Cash and bank balances	<u>375,448</u>	-	-	-	<u>375,448</u>
Total assets	<u>612,844</u>	<u>16,362</u>	<u>1,845</u>	<u>5,450,338</u>	<u>6,081,389</u>

	Carrying amount			
	Amortised cost N'000	FVTPL N'000	Non- financial N'000	Total N'000
Liabilities				
Loans and borrowings	1,300,197	-	-	1,300,197
Post employment benefits - defined benefits	-	-	467,387	467,387
Provisions	-	-	78,713	78,713
Deferred tax liabilities	-	-	27,695	27,695
Current tax liabilities	-	-	361,302	361,302
Trade and other payables	1,147,769	-	1,513,504	2,661,273
Deferred income	-	-	125,800	125,800
Total liabilities	<u>2,447,966</u>	-	<u>2,574,400</u>	<u>5,022,366</u>

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Group	Carrying amount				Total N'000
	Amortised Cost N'000	FVTPL N'000	FVTOCI N'000	Non- financial N'000	
42. Categories of financial instruments (Cont'd)					
31 December 2020					
Assets					
Property, plant and equipment	-	-	-	3,284,812	3,284,812
Intangible assets	-	-	-	18,664	18,664
Financial assets - FVTPL	-	-	1,845	-	1,845
Other investments	-	15,509	-	-	15,509
Deferred tax asset	-	-	-	60,543	60,543
Current tax asset	-	-	-	1,722	1,722
Inventories	-	-	-	801,235	801,235
Trade and other receivables	362,437	-	-	74,616	437,053
Other assets	-	-	-	746,700	746,700
Cash and bank balances	506,949	-	-	-	506,949
Total assets	869,386	15,509	1,845	4,988,291	5,875,031

Group	Carrying amount				Total N'000
	Amortised cost N'000	FVTPL N'000	Non- financial N'000	Total N'000	
Liabilities					
Loans and borrowings	-	792,547	-	-	792,547
Post employment benefits - defined benefits	-	-	-	490,016	490,016
Provisions	-	-	-	78,959	78,959
Deferred tax liabilities	-	-	-	27,695	27,695
Current tax liabilities	-	-	-	204,846	204,846
Trade and other payables	-	1,720,005	-	1,325,330	3,045,336
Deferred income	-	-	-	73,760	73,760
Total liabilities	-	2,512,552	-	-	4,713,158

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Carrying amount				Total N'000
	Amortised Cost N'000	FVTPL N'000	FVTOCI N'000	Non- financial N'000	
Company					
42. Categories of financial instruments (Cont'd)					
31 December 2021					
Assets					
Property, plant and equipment	-	-	-	2,220,875	2,220,875
Intangible assets	-	-	-	26,433	26,433
Investment in subsidiaries	-	-	-	41,470	41,470
Financial assets - FVOCI	-	-	1,845	-	1,845
Financial assets - FVTPL	-	16,361	-	-	16,361
Deferred tax asset	-	-	-	59,864	59,864
Inventories	-	-	-	230,295	230,295
Trade and other receivables	53,086	-	-	294,607	347,694
Other assets	-	-	-	342,569	342,569
Cash and bank balances	72,773	-	-	-	72,773
Total assets	125,859	16,361	1,845	3,216,114	3,360,179

	Carrying amount				Total N'000
	Amortized cost N'000	FVTPL N'000	Non- financial N'000		
Liabilities					
Loans and borrowings	748,529	-	-	-	748,529
Post employment benefits - defined benefits	-	-	465,034	-	465,034
Provisions	-	-	78,713	-	78,713
Deferred tax liabilities	-	-	-	-	-
Current tax liabilities	-	-	145,917	-	145,917
Trade and other payables	240,185	-	980,280	-	1,220,465
Deferred income	-	-	97,347	-	97,347
Total liabilities	988,714	-	1,767,290	-	2,756,005

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Company	Carrying amount				Total N'000
	Amortised	FVTPL N'000	FVTOCI N'000	Non- financial N'000	
	Cost N'000				
42. Categories of financial instruments (Cont'd)					
31 December 2020					
Assets					
Property, plant and equipment	-	-	-	2,615,345	2,615,345
Intangible assets	-	-	-	18,264	18,264
Investment in subsidiaries	-	-	-	41,470	41,470
Financial assets - FVOCI	-	-	1,845	-	1,845
Financial assets - FVTPL	-	15,508	-	-	15,508
Other investments	-	-	-	-	-
Deferred tax asset	-	-	-	59,864	59,864
Inventories	-	-	-	214,698	214,698
Trade and other receivables	52,172	-	-	349,493	401,664
Other assets	-	-	-	281,932	281,932
Cash and bank balances	82,835	-	-	-	82,835
Total assets	135,006	15,508	1,845	3,581,065	3,733,425

Liabilities	Carrying amount			
	Amortized cost N'000	FVTPL N'000	Non- financial N'000	Total N'000
	Loans and borrowings	792,547	-	-
Post employment benefits - defined benefits	-	-	487,129	487,129
Provisions	-	-	78,959	78,959
Deferred tax liabilities	-	-	-	-
Current tax liabilities	-	-	24,031	24,031
Trade and other payables	273,742	-	1,118,840	1,392,582
Deferred income	-	-	73,760	73,760
Total liabilities	1,066,289	-	1,782,719	2,849,008

	Group		Company	
	Carrying value 2021 N'000	Carrying value 2020 N'000	Fair value 2021 N'000	Fair value 2020 N'000

43. Carrying value and fair value information Financial liabilities measured at amortized cost:

Loans and borrowings	1,300,197	792,547	748,529	792,547
Total	1,300,197	792,547	748,529	792,547

a. The fair values are calculated using discounted cash flows with a discount rate based on the coupon interest rates of the individual loans and leases at the reporting date.

b. The disclosed fair values above fall within level 2 in the fair value hierarchy of IFRS 13 as the cash flows and discount rates used in the measurements are market corroborated.

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	Level 1 N'000	Level 2 N'000	Level 3 N'000	Not applicable N'000	Total N'000
44. Fair value information:					
The table below sets out the valuation					
Non-current assets					
Property, plant and equipment	-	-	-	3,014,527	3,014,527
Intangible assets	-	-	-	26,718	26,718
Financial assets - FVOCI (i)	-	-	1,845	-	1,845
Financial assets - FVTPL (ii)	16,362	-	-	-	16,362
Deferred tax asset	-	-	-	60,543	60,543
Current assets					
Inventories	-	-	-	761,815	761,815
Trade and other receivables	-	-	-	319,225	319,225
Current tax asset	-	-	-	1,776	1,776
Other assets	-	-	-	1,459,345	1,459,345
Cash and bank balances	-	-	-	375,448	375,448
Total assets	16,362	-	1,845	6,019,396	6,037,604
Equity and liabilities					
Issued share capital	-	-	-	828,850	828,850
Share premium	-	-	-	558,916	558,916
Retained earnings	-	-	-	(770,478)	(770,478)
Loans and borrowings	-	-	-	1,300,197	1,300,197
Post employment benefits - defined benefits	-	-	-	467,387	467,387
Provisions	-	-	-	78,713	78,713
Deferred tax liabilities	-	-	-	27,695	27,695
Current tax liabilities	-	-	-	361,302	361,302
Trade and other payables	-	-	-	2,661,273	2,661,273
Deferred income	-	-	-	125,800	125,800
Total equity and liabilities	-	-	-	5,639,654	5,639,654

(i) Upon loss of significant influence in Abex Ltd, IFRS required the measurement of the remaining shareholding of 5% as an investment at fair value. The fair value was determined by recourse to the disposal in December 2014 of 35.2% shareholding at a value determined by a professional valuation of Abex Ltd using the adjusted book value basis. This method which the Group considered more representative of fair value than other income based valuations, considered the net worth of Abex Ltd plus assets not recognized in the statement of financial position plus adjustments for goodwill and revaluation of assets. The shares were sold to an existing shareholder that is knowledgeable in the business position and dynamics of Abex Ltd. The fair value of the investment stated in the financial statements is not expected to be remeasured in the foreseeable future.

(ii) This relates to investment in Stanbic IBTC Assets Management Ltd. The fair value is measured as on a recurring basis as the market value of the securities in which the fund is invested less agreed management fee accruing to the fund managers at the measurement date. Refer to Note 18 of the financial statements for more details.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

45. Financial commitments

The Directors are of the opinion that all known liabilities and commitments have been taken into consideration in the preparation of these financial statements. These liabilities are relevant in assessing the Company's state of affairs.

46. Financial commitments

The Directors are of the opinion that there were no capital commitments at 31 December 2021 (2020 : Nil).

47. Events after reporting period

Work is in progress to make the Cargo Division a full Courier and E-Commerce Logistics enterprise offering inter and intra city services. This segment has been identified as a fertile ground for growth commanding good margins. The imperative to pursue this strategy is further reinforced by the new normal occasioned by the Covid-19 pandemic which has seen a boost in Courier and E-Commerce business.

Work is in progress to raise N1.4 Billion from the capital market to finance a five-year growth plan.

Except for the information above, the Directors are of the opinion that no other transaction has occurred subsequently to the reporting date, which could have had a material effect on these financial statements at that date or which needs to be disclosed in the financial statements in the interest of fair presentation of the financial position at the reporting date or its result for the year then ended.

48. Contingent liabilities

The Company is subject to various pending litigation arising in the normal course of business. The cases are of different ages and at different stages of adjudication with some dating as far back as 2005. A provision is made in the accounts at the point a judgment is given against the Company even if the case proceeds on appeal. provisions relating to pending litigations are reported under note 29 to the financial statements.

49. Comparative figure

Certain prior year balances have been re-classified to ensure proper disclosure and uniformity with current year's presentation. The reclassifications have no net impact on these consolidated financial statements.

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**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Other National Disclosures

ABC TRANSPORT PLC

CONSOLIDATED STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER 2021

	Group				Company			
	2021 N'000	%	2020 N'000	%	2021 N'000	%	2020 N'000	%
Revenue	6,569,540		7,751,099		4,464,144		3,606,124	
Other income	548,358		333,757		503,033		273,799	
	7,117,898		8,084,856		4,967,176		3,879,923	
Bought-in-material and services:								
- Local	(4,000,916)		(5,374,942)		(3,198,687)		(2,704,435)	
- Imported	(966,418)		(1,149,385)		(75,274)		(89,525)	
Value added	2,150,565	100	1,560,529	100	1,693,216	100	1,085,963	100

Applied as follows:-

To pay employees								
- Wages, salaries and other staff costs	1,041,878	48	776,857	50	944,570	56	683,879	63
To pay government								
- Corporate tax	229,232	11	139,749	9	145,917	9	23,102	2
To pay provider of capital								
- Interest expense and similar charges	196,830	10	253,079	16	158,615	9	193,964	18
To provide for replacement of assets dividend to shareholders and development of business								
- Deferred tax write back	-	-	15,597	-	-	-	-	-
- Depreciation of property, plant and equipment	771,173	36	854,134	55	707,881	42	804,429	74
- (Loss)/profit for the year	(88,549)	(5)	(478,886)	(30)	(263,767)	(16)	(619,412)	-
Value added	2,150,565	100	1,560,529	100	1,693,216	100	1,085,963	157

Value added represents the additional wealth which the company has been able to create by its own and its employees effort. The statements shows the allocation of that wealth among the employees, capital providers, Government and that retained for creation of more wealth.

ABC TRANSPORT PLC

FINANCIAL SUMMARY - GROUP

31 DECEMBER	2021 N'000	2020 N'000	2019 N'000	2018 N'000	2017 N'000
Statement of financial position					
Assets employed					
Non current assets	3,163,781	3,381,373	3,107,697	2,595,626	3,055,788
Current assets	<u>2,917,608</u>	<u>2,493,658</u>	<u>2,030,330</u>	<u>1,970,571</u>	<u>1,414,842</u>
Total assets	<u>6,081,389</u>	<u>5,875,031</u>	<u>5,138,026</u>	<u>4,566,198</u>	<u>4,470,630</u>
Liabilities					
Creditors within one year	4,519,841	4,150,152	2,719,296	2,535,794	1,878,491
Creditors due after one year	<u>502,524</u>	<u>563,006</u>	<u>880,886</u>	<u>648,751</u>	<u>650,553</u>
Total liabilities	5,022,365	4,713,158	3,600,182	3,184,546	2,529,044
Capital employed					
Share capital	828,850	828,850	828,850	828,850	828,850
Share premium	558,916	575,391	575,391	575,391	575,391
(Loss sustained)/retained earnings	(770,478)	(617,318)	(39,139)	(96,317)	324,596
OCI Reserve	27,262	25,108	(76,778)	(35,337)	(1,683)
Non-controlling interests	<u>414,475</u>	<u>349,842</u>	<u>249,520</u>	<u>109,065</u>	<u>214,432</u>
Total equity and liabilities	<u>6,081,390</u>	<u>5,875,032</u>	<u>5,138,026</u>	<u>4,566,198</u>	<u>4,470,630</u>
Statement of profit or loss account and other comprehensive income					
Revenue	6,569,540	7,751,099	6,681,010	6,861,004	7,186,798
Direct costs	<u>(5,488,683)</u>	<u>(6,527,831)</u>	<u>(5,223,886)</u>	<u>(5,487,592)</u>	<u>(5,568,814)</u>
Gross profit	1,080,857	1,223,268	1,457,124	1,373,413	1,617,984
Administrative expenses	(1,291,702)	(1,615,496)	(1,338,188)	(1,360,292)	(1,036,500)
Other income	548,358	333,757	566,692	226,951	385,573
Impairment losses	-	(11,991)	(62,845)	-	-
Finance costs	<u>(196,830)</u>	<u>(253,079)</u>	<u>(209,889)</u>	<u>(172,946)</u>	<u>(200,211)</u>
Profit/(loss) on ordinary activities before tax	140,683	(323,540)	412,894	67,125	766,845
Income tax expense	<u>(229,232)</u>	<u>(155,346)</u>	<u>(214,813)</u>	<u>(180,549)</u>	<u>(253,586)</u>
(Loss)/profit after taxation	<u>(88,549)</u>	<u>(478,886)</u>	<u>198,082</u>	<u>(113,423)</u>	<u>513,259</u>
(Loss)/earning per share - basic (kobo)	<u>(5)</u>	<u>(29)</u>	<u>12</u>	<u>1</u>	<u>(36)</u>

(Loss)/earnings per share is based on (loss)/profit after tax and the 1,657,700,000 ordinary shares of 50 kobo each in issue at the end of each financial year.

Net assets per share is based on the 1,657,700,000 ordinary shares of 50 kobo each in issue at the end of each financial year and net asset at the end of each financial year.

ABC TRANSPORT PLC

FINANCIAL SUMMARY - COMPANY

31 DECEMBER	2021 N'000	2020 N'000	2019 N'000	2018 N'000	2017 N'000
Assets employed					
Non current assets	2,366,848	2,752,296	2,842,446	2,458,731	3,015,000
Current assets	993,332	981,129	1,088,785	841,427	906,622
Total assets	3,360,180	3,733,425	3,931,231	3,300,158	3,921,622
Liabilities					
Creditors within one year	2,467,007	2,316,583	1,561,651	1,232,569	1,577,688
Creditors due after one year	288,998	532,425	865,751	573,071	554,100
Total liabilities	2,756,005	2,849,008	2,427,402	1,805,641	2,131,788
Capital employed					
Share capital	828,850	828,850	828,850	828,850	828,850
Share premium	558,916	575,391	575,391	575,391	575,391
(Loss sustained)/retained earnings	(801,780)	(538,013)	81,399	72,087	382,553
OCI reserve	18,188	18,188	18,188	18,188	3,040
Total equity and liabilities	3,360,179	3,733,425	3,931,231	3,300,158	3,921,622
Statement of profit or loss account and other comprehensive income					
Revenue	4,464,144	3,606,124	5,301,950	5,513,886	5,723,336
Direct costs	(3,769,548)	(3,303,213)	(4,314,920)	(4,531,462)	(4,851,010)
Gross profit	694,596	302,911	987,030	982,424	872,326
Administrative expenses	(1,156,865)	(967,066)	(1,115,732)	(1,170,044)	(960,316)
Other income	503,033	273,799	390,246	184,364	330,110
Impairment losses	-	(11,991)	(9,172)	-	-
Finance costs	(158,615)	(193,964)	(183,253)	(161,054)	(136,815)
(Loss)/Profit on ordinary activities					
(Loss)/profit before taxation	(117,851)	(596,310)	69,121	(164,310)	105,305
Income tax expense	(145,917)	(23,102)	(59,808)	(96,425)	(89,524)
(Loss)/profit after taxation	(263,767)	(619,412)	9,313	(260,735)	15,781
(Loss)/earnings per share - basic (kobo)	(16)	(37)	1	(16)	1

(Loss)/earning per share is based on (loss)/profit after tax and the 1,657,700,000 ordinary shares of 50 kobo each in issue at the end of each financial year.

Net assets per share is based on the 1,657,700,000 ordinary shares of 50 kobo each in issue at the end of each financial year and net asset at the end of each financial year.