

# **MED-VIEW AIRLINE PLC**

## **2018 ANNUAL REPORT AND FINANCIAL STATEMENTS**

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## REPORTING ENTITY

### ABOUT US

Med-View Airline Plc., was incorporated under the provisions of the Companies and Allied Matters Act, CAP C20 LFN 2004 on August 11, 2004 as a Private Limited Liability Company with **RC Number: 604313** and by a special resolution became a Public Liability Company on December 18, 2015. The company's registered office is situated at:

#### **Med-View House**

21, Olowu Street

Ikeja– Lagos.

The Company was incorporated under the provisions of the Companies and Allied Matters Act, CAP C20 LFN 2004 on August 11, 2004 as a Private Limited Liability Company with **RC Number: 604313** and by a special resolution became a Public Liability Company on December 18, 2015. Med-View Airline became listed on the floor of the Nigerian Stock Exchange (NSE) on January 31<sup>st</sup> 2017, with **(MEDVIEWAIR)** as the Company's symbol.

The company is majorly owned by Nigerians and a Saudi partner and operates within the Aviation industry of the Nigerian economy, holding specific safety approvals and commercial licenses to carry fare-paying passengers or cargo for which consideration has been made. The licenses include **Air Transport License (ATL), Air Operators Certificate (AOC), Air Carriers Permit (ACP), and Route (Designation) licenses**. In addition to these licenses, it holds the IATA identifier-code (VL) and ICAO airline identifier-code (MEV).

On 2<sup>nd</sup> January, 2007 Med-View Airline commenced business operations with Hajj Operation as a litmus test. The Airline has since changed the concept of airlifting Hajj pilgrims. The Airline operates domestic, regional, and international flights with basically 5 Aircrafts, **B777-200(MVY), B737-400(MAA), B737-400(MAB), B737-500(BQM)**, plans are underway and Boeing has given Med-View concession to acquire new generation wide bodied Aircrafts (B737 Max) to further expand our services and generate more revenues

Med-View Airline Plc. has airlifted about three million, five hundred thousand passengers; a total of 46, 000,000 tons of Cargo are being airlifted in partnership with Saudi Arabia Cargo Airline annually. Med-View's penchant for growth instigated the aggressive and extensive route expansion by operating direct flight to Gatwick International Airport in the United Kingdom, in 2015 and scheduled Jeddah and Dubai flights in 2017. Other direct destinations regionally are within the Anglo and francophone West African Countries. Med-view Airline currently has permit to operate into 18 cities around the world.

Note that both regional and international operations have been suspended for the time being due to lack of aircraft. As soon as Med-View receive the aircrafts that are on C-Check and we have a firm hold on the domestic routes, the regional and international flights will commence.

Med-View Airline believe in her quest to be one of the best in Africa, endeavours to achieve profitable growth that contributes to both its own corporate aims and to its economic and

social development. This is regardless of challenges that the Company may face. Med-View Airline since inception has strived to create sustainable growth in the Aviation industry in Nigeria and to gain access to any market that will increase the quality of its network and to maintain a high-level playing field for other industry players.

The Company is trying to diversify into other aviation related businesses, by partnering with the notable Chinese Construction Company CCEC, to build an **MRO** (Maintenance Repair and Overhaul) that would serve local and international airlines maintenance need. Med-View has also obtained to permit start on a commercial scale an **ATO** (Approved Training Organization)

#### **VISION**

“To be the most preferred in terms of quick service delivery in the Aviation industry”

#### **MISSION**

“To be deeply rooted in the culture of doing things right with the values of integrity, customer satisfaction, quality service delivery and reliability”

#### **CORPORATE VALUE**

Our corporate value is the ability to succeed in providing the desired service for customers' satisfaction & respect for individual clients.

This corporate value has been the pivot on which Med-View Airline Plc. operations revolve for the manifestation of its success.

In compliance with the regulations of the Nigerian Civil Aviation Authority (NCAA), the company has in place arrangements for ticket interlining and participates in the IATA Billing and Settlement Plan (BSP). It also maintains a proper, transparent and prudent financial management in the conduct of its operations so as to ensure financial capability for safe and sustainable services.

The principal activities of the company are airline operations in all its ramifications including Hajj charter flight operations, domestic & regional/international flight operations and allied services.

#### **COMMITMENT**

We are committed to the provision of quality services that are at par with global standards by the deployment of cutting-edge technology, industry best practices and value-added services to ensure the satisfaction of our clients.

For instance, Med-View Airline Plc. is the first operator to ensure that the luggage of Hajj pilgrims arrives in their destination before them and by this eradicated the usual delay in the arrival of pilgrims' luggage.

### RESULTS AT A GLANCE

**Statement of Profit or Loss Account:**

	2018	2017	Increase/ (Decrease)	
	N'000	N'000	N'000	Percentage
Revenue	<u>9,562,197</u>	<u>36,961,732</u>	<u>(27,399,535)</u>	<u>(74)</u>
Profit/(Loss) before income tax	(10,331,365)	1,506,188	(11,837,553)	(786)
Income and Deferred Tax expense	25,769	252,197	( 226,428)	(90)
Profit/(Loss) after taxation	(10,357,133)	1,255,145	(11,612,278)	(925)

**Statement of Financial Position:**

Total Assets	17,741,918	19,598,138	(1,856,220)	(9)
Total Liabilities	21,005,622	12,211,035	8,794,587	72
Net Assets	(3,263,703)	7,387,103	(10,650,806)	(144)
Total Equity	(3,263,703)	7,387,103	10,650,806	144
Total Equity & Liabilities	17,741,918	19,598,138	(1,856,220)	(9)

MED-VIEW AIRLINE PLC  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR YEAR ENDED DECEMBER 31, 2018

Authorized Share capital	<u>6,000,000</u>	<u>6,000,000</u>	0	0
Paid-up share capital	4,875,325	4,875,325	0	0
Shareholders' funds	(3,263,703)	7,387,103	(10,650,806)	(144)
Number of shares in issue(units) @ 50k each	9,750,650	9,750,650	0	0
<b><u>Per Share Data:</u></b>				
Basic Earnings/(Loss) per share (kobo)	(106.22)	12.87	(119)	(925)
Adjusted Earnings/(Loss) per share(kobo)	(106.22)	12.87	(119)	(925)
Net assets per share (kobo)	(33)	76	(109)	(143)
Total assets per share (kobo)	182	201	(19)	(9)
Return on Assets (ROA)-%	(55.4)	8.6	(64)	(744)

## **CORPORATE INFORMATION**

### **DIRECTORS**

Sheik Abdul Moshen Al-Thunayan	Chairman -Saudi Arabian
Alhaji Muneer Bankole	Chief Executive Officer
Engr. Lookman Animashaun	Executive Director (Resigned April 9,2018)
Isiaq Suyuti Na'allah	Executive Director
Alhaji Bode Oyedele	Non-Executive Director
Mrs. Odigboh Terry Uzoh	Non-Executive Director
Mr. Edmund Abayomi	Non-Executive Director
Amb. Babatunde O. Ajisomo	Non-Executive Director
Mrs. Fatimah Umami Idris	Non-Executive Director

### **Company Registration Number**

RC 604313

### **Registered Head Office**

21, Olowu Street,  
Med-View House  
Ikeja, Lagos.

### **Company Secretary**

ABDULLAHI ADAM ABDULLAHI & CO.  
(AL-ILORY CHAMBERS)  
8, Adebare Street  
Ogudu B/Stop  
By 3<sup>rd</sup> Mainland Bridge Way  
Ogudu, Lagos

### **Registrar**

African Prudential Registrar (AFRIPUD)  
220b, Ikorodu Rd,  
Lagos.

### **Bankers**

First Bank of Nigeria Limited  
Zenith Bank Plc  
Guaranty Trust Bank Plc  
Eco bank Plc.  
First City Monument Bank Plc

**Auditors**

Olufemi Fajuyi & Co. (Chartered Accountants)  
4, Olowu Street  
Off Obafemi Awolowo Way  
Ikeja, Lagos.

**SOLICITORS**

G. Elias & Co  
6, Broad Street, Lagos.

## **BOARD OF DIRECTORS**

### **SHEIK ABDUL-MOSHEEN AL-THUNAYAN– CHAIRMAN**

Sheik Abdul-Mosheen Al-Thunayan is a prominent Saudi Prince with diverse investment interests in businesses such as aviation, banking & finance, oil & gas, real estate and shipping to mention but a few. He is a Board Member of the Saudi United Company. He is astute in his dealings and his quest of connecting Nigeria with the rest of the world became visible by his involvement in the formation of Med-View Airline Plc.

### **ALHAJI MUNEER BANKOLE - CHIEF EXECUTIVE OFFICER.**

Alhaji Muneer Alade Bankole has a Diploma in Business Studies (England) in 1975. He graduated from Lagos State University in 1999 with a Diploma in Law. He thereafter proceeded to the College of Business Administration (CBA), Jeddah, Saudi Arabia, where he obtained B.A (Business Administration) in 2007.

He was a Commercial Cadet Trainee from 1983-1986 and a Reservation/Station Co-ordinator from 1980-1986 in Nigerian Airways. Alhaji Bankole was Senior Marketing Manager from 1990-1996, Marketing Manager, Murtala Muhammed International Airport, Lagos 1996-1999. He was District Manager, Lome, Togo 1999-2000 and Jeddah, Saudi Arabia 2000-2004.

His rise through the ranks at the defunct Nigerian Airways, shows his industrious nature, and there, he harnessed the necessary skills required to run one of the most efficient, safe and successful Airlines in Nigeria today. He is an astute Businessman, aviation guru and a goal-getter with over 40 years' experience in the aviation industry; He is a revered role model in the Industry. This has earned him various recognitions and awards in the industry. He is a member and fellow of various professional bodies.

### **MR. ISIAQ NA'ALLAH - EXECUTIVE DIRECTOR – BUSINESS DEVELOPMENT**

Mr. IsiaqNa'AllahSuyuti graduated from the University of Jos in 1990 and holds a B.Sc. in Physics. He has over 22 years' experience in the aviation industry. He holds an IATA Certificate in Transport Management. He worked as the Country Manager for Bellview Airlines Limited in the Kingdom of Saudi Arabia from 2008-2010, Hajj Coordinator from February 2007 - January 2008. Country Manager (Brazzaville & Kinshasa) from September

2006 - February 2007. He served at different departments of Bellview Airlines Limited and also other organizations till his appointment at Med-view Airline Plc.

**ALHAJI KACHEEF OLABODE OYEDELE - NON-EXECUTIVE DIRECTOR**

Alhaji Kacheef Bode Oyedele graduated from Lagos State College of Science & Technology, Isolo- Lagos with Higher National Diploma Accountancy - Upper Credit, 1979 – 1982. He is an astute business man who has served as the Chairman, Board of Governing Council, and Industrial Training Fund. Over 32 year’s cognate experience on Financial Management and Administration both in Public and Private Sectors.

He was Accountant Lagos State Ministry of Finance and Economic Planning from 1984 – 1989, Finance Controller Lagos State Agricultural Development Project (World Bank Assisted) 1990 – 1994, Director Finance and Accounts Lagos State Agricultural Development Authority. 1994 – 1999, Permanent Secretary, Ministry of Agriculture and Cooperatives, Lagos State Government from June 1999 – Nov 2004, Senior Special Assistance (Ecology) to the Presidency, Federal Government of Nigeria 2004 – Dec. 2006. He was former Chairman, Governing Council Industrial Training Fund, (Federal Government of Nigeria Parastatal) Jos, Plateau State, from May 2009 to October 2011. He is currently Managing Partner Reg Financial and Management Services Limited Jan 2007 – till date

**MR EDMUND ABAYOMI JONES - NON-EXECUTIVE DIRECTOR**

Mr Edmund Abayomi Jones holds a BSc (Hons) from University of Lagos, Akoka Lagos. (1983). He joined Lufthansa German Airlines in 1974 as a Management Trainee. He held several appointments of increasing responsibility within the organization and was the first Nigerian to be appointed Deputy General Manager, West Africa.

His sterling attributes and excellent performance led to his appointment as the Managing Director and Chief Executive Officer of Nigeria Airways. It is on record that he was the first CEO of the Airline to be appointed through an open, transparent and competitive headhunt exercise conducted by Andersen Consulting (now Accenture).

He is a fellow of the Institute of Directors and holds both a Bachelors and Master’s Degree in Business Administration. Mr. Yomi Jones left Nigeria Airways Limited, after two years of unblemished record in 2001. He is currently in private business.

**MRS. ODIGBOH TERRY UZOH- NON-EXECUTIVE DIRECTOR**

Mrs. Odigboh Terry Uzoh has a Diploma in Law from Lagos State University (1999) and also holds an LLB (Hons.) from the same University (2001). She thereafter obtained a BL (Hons) from the Nigerian Law School in 2003. She joined Uzoyibo Odigboh & Co in 2003.

She is an accomplished professional with vast experience in the public and private sectors. She serves on the Board of various companies, where she has contributed positively to the growth and development of those companies.

Her penchant for knowledge endeared her to become a member of the Alternative Dispute Resolution (“ADR”), in 2017 and the Nigerian Institute of Advanced Legal Studies, Continuing Legal Education (CLE) 2015. She is a member of the Nigerian Bar Association.

**MRS. FATIMAH UMMI IDRIS – NON-EXECUTIVE DIRECTOR**

Mrs. Fatimah Ummi Idris graduated with a B.Sc. in Pharmaceutical Science from De Montfort University, Leicester in 2014. She also holds M.Sc. in Pharmaceutical Quality Design from same University in 2015. She joined Federal Staff Hospital Garki, Abuja, where she worked for 4 years as Student doctor. She also worked as Mathematics Teacher at UnguwarRimi Girls Government School, Kaduna. She has in view, her Ph.D. in Pharmaceutical Science at De Montfort University, Leicester.

She has been a Director at Tabwa Farm Ltd. (Gwagalada, Abuja) for about 10 years. She is also a Director at Kwadani Farms Ltd. (Kuje, Abuja) for 3 years and a Director and major shareholder of Kwashar Nigeria Limited Maitama, Abuja.

## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, Management and staff of your airline, I am delighted to welcome each and every one of you to the 3<sup>rd</sup> Annual General Meeting. It is my pleasure to present to you Med-View Airline's financial results for the year ended December 31, 2018. To both familiar faces and new shareholders, we are really grateful for your presence.

The year 2018 will long be remembered as one of the most challenging in the Airline's recent history. The economy suffered its first contraction in over a decade. The excessive economic decline did have a significant impact on the financials of your Airline. The uncertainty over the political situation of Nigeria did not also help matters, as it spilled onto its economic situation.

The effect of the economic downturn in Nigeria continued to impact adversely on our operations as there was reduction in credit opportunities which in turn affected our income. This harsh environment of multiple taxation from the authorities, along with the continued lack of infrastructure especially **MRO** (Maintenance Repair and Overhaul) facility in Nigeria added to our cost of doing business. Nevertheless, with the capable hands at the helm of affairs, we continually strove to ensure that we developed our business as much as possible and also tried to diversify.

The period in review will confirm the trying times under which we operated.

## PASSENGER REPROTECTION

Med-view commenced scheduled flight operations to the United Kingdom in late 2015, the venture has had its good and bad side of the business. Good side in terms of revenue generation and bad side in terms of passenger re-protection and Aviation Politics (Avio-politics). The airline operated that route with a leased aircraft from a European based Aviation Leasing company, that enable Med-View to venture into European Airspace in the first place

Med-View and the Leasing Company had over the years enjoyed a long-time partnership that had yielded close to \$80,000,000 (Eighty Million dollars). But during the course of the London operations, the Aircraft that was leased to Med-View had an **AOG** (Aircraft On Ground) in December 2017. Accordingly, it resulted in Med-View re-protecting passengers at double/triple the price of the ticket on other carriers like Virgin Atlantic, British Airways and Air Maroc to mention but a few.

The passenger re-protection exercise is an industry standard practice that enables Airlines to put their own passengers on other Airlines when scheduled flight cannot be operated. This is done at the fare of the operating Airline regardless of the amount paid by the passenger to the original carrier.

Med-View airline adhere seriously to industry practice and with the contract of service to our esteemed passengers, and in other not to disappoint them, Med-View conformed with the airline practice to salvage the situation. This Med-view did till late 2018.

### **AIRCRAFT ON C-CHECK**

The political tension and extremely tight market liquidity in Nigeria affected economic growth of Med-View. The depleted aircraft fleet due to C-Check at the early part of 2018 and re-protection exercise also contributed to the decline in the revenue of the Company. The revenue in 2018 was flat when compared with the same period in 2017. The Gross Profit however reduced by 293% in 2018 over last year. The airline closed the year with a loss after tax of 10.33billion.

The performance of the airline was adversely impacted by the partial stagnation in the revenue generation (passenger traffic/cash in-flow) due to the lack of aircrafts and high cost of maintenance and improvement items due to foreign exchange fluctuation. Nevertheless, the airline will continue to seek for ways to improve services with the addition of the aircrafts from C-Check. (Maintenance).

### **FINANCIAL HIGHLIGHT**

Despite the strong headwinds which confronted our airline's revenue throughout the year, the airline was able to balance itself but recorded a loss after tax of 10.33 billion which was lower than prior year profit of 1.25 billion. The operating environment remained highly volatile characterised by lack of infrastructure and foreign currency shortages as the depletion/fluctuation of dollar continued unabated. The aviation sector remained highly taxed and has witnessed the issue of double taxation on numerous items unresolved even after the government made promises to reduce it. Other airlines are not spared of the adverse impact of these difficult operating conditions.

### **DIRECTORS AND STAFF**

Ladies and Gentlemen having been aware of these challenges, Med-View Airline in its utmost wisdom decided to downgrade the staff strength of the company. This was done in three (3) different trenches where approximately One Hundred (100) of the work force were laid off pending when the situation of the airline stabilises. Most of those affected were the crew and out-station staff.

The Management wishes and states with all honesty that they appreciate all the staff of the company and it was with a heavy heart that such decision had to be made. The

Management also promise that once the economic situation of the country stabilises, the retrenched staff will have priority when it is time for recruitment.

### **COMMENTS ON THE FUTURE**

Ladies and gentlemen, we have a strong framework which has been tested and has surpassed all challenges. Our strong customer base and services reflects best industry practices. Our focus in the coming years is to deal with our weaknesses and enhance our strengths so we can become once again, the number one airline in Nigeria, it is our view that to be able to do this we should take a strategic view to assess the threats and opportunities in our landscape.

Today we all agree that diversification of our services into aviation related matters, example is the building of infrastructure (MRO) and (ATO) to serve this region of Africa. We have obtained the necessary permits and the Chinese Company CCECC has submitted quotation and are keen to actualize this dream on our behalf. It is our view that in the long-term, these diversifications will increase our revenues while also rapidly decreasing long term operating expenses on maintenance. Therefore, as we seek to expand our frontiers to tap the profit pools of markets in this part Africa with our diversification exercise, we ask that you continually support and trust us to deliver.

Ladies and gentlemen, we count on your support as we embark on our transformation journey to build a strong and engaged workforce and get to speed with harnessing other opportunities, so we can capitalize on launching our brand worldwide. We will deepen our strategic partnership with government and regulators in driving and achieving transformation through infrastructural development. This way, we can energize the communities we serve, become the airline of choice and optimize returns to our shareholders.

Thank you for the opportunity to serve you.



**SHEIK ABDUL-MOSHEN AL-THUNAYAN**  
**CHAIRMAN**  
**March 29, 2019**

## **CHIEF EXECUTIVE OFFICER'S REPORT**

### **BUSINESS ENVIRONMENT**

Given the growing trend in the aviation sector, it is imperative that we aggressively leverage various opportunities (MRO) and (ATO) to garner an increasing proportion of this market and concurrently provide services that will enhance the experiences of our customers. In pursuit of the use of this opportunity, we shall be mindful of the risk involved and other regulatory concerns. This will enable us to enhance our shareholder value without compromising industry practices and regulatory rules.

So today, in reviewing our performance I will start with economic environment, industry challenge, I shall then move on to our performance and how it affected the airline, and with your permission, take you through future outlook, diversification and end my report with expansion

### **ECONOMIC ENVIRONMENT**

The political tension and the uncertainties that surrounded the country in 2018 was a major factor in defining the year in review. The anti-graft war was also a contributing factor as all these political activities not only cripple the economy of the Country but also the standard of living of the Nigerian populace.

The reduction of fleet due to C-Check in Med-View affected the possible upward growth of the revenue of the company. Thereby resulting in a record low profit. The lack of support and trust which Banks in Nigeria have towards aviation business did not help matters as none of the Banks approached was ready to take a risk.

### **INDUSTRY CHALLENGES**

We are currently experiencing a relentless growth in air passenger travel globally, coupled with high and changing expectations and behaviour from passengers. The airline sector in Nigeria is increasingly becoming highly competitive, with an interesting twist of surpassing one another by the major players.

Our new competitors are not necessarily registered airlines, but rather charter services by individual and corporate entities who have interest in aviation. Potential passengers are no longer waiting for airline offers to travel round the world, various groups and organization are putting up irresistible packages for passengers and bringing them to fly with registered airline. This in turn is splitting the revenue to be generated by the airlines in scheduled operations.

## **OUR PERFORMANCE**

The state of the operating environment remains highly challenging. The government and authorities have demonstrated in their attitude and pronouncements various negative support to address the issue of airline double taxation. Below are some of the major challenges facing the economy:

- Re-protection of passengers between late 2017/18 and lack of aircraft negatively impacted on our cash inflow.
- The fiscal budget deficit was depleted on a large scale in 2018 due to increased re-protection activities and daily running cost

As I have always stated, the Board and Management is continually seeking to achieve the best growth for the Company, and Med-View is firmly on the path to improved performance, sustained growth, profitability and adequate returns to all stakeholders within the shortest possible period of time

## **OUTLOOK, DIVERSIFICATION AND EXPANSION**

The Company's growth prospects in the short term are projected to remain subdued, pending the outcome of how funds can be sourced and credited to the Company for operational use. Med-View has been in discussion with some financial institutions to raise capital to turn the fortune of the Company around.

The infrastructural development of Med-View's (MRO) and (ATO) are aimed at addressing overdependence on air passenger traffic to raise inflow. It will also generate more foreign currency, FDI and restoration of fiscal sustainability. The Company is in the final stages of embarking on the project in partnership with Chinese Construction Company CCEC, who have submitted drawing plans and quotation to build the structure. This is done in order to foster continuous growth. The challenges associated with these anticipated projects will be significant, but we remain optimistic sustainable growth in the Company's economic activity despite the current challenges.

Our future destinations are still available and would be revisited once we consolidate on the local operations. Med-View still associates these routes as a viable avenue to generate more income and increase its international brand visibility, considering the number of Nigerians resident in those regions.

## **CORPORATE SOCIAL RESPONSIBILITY**

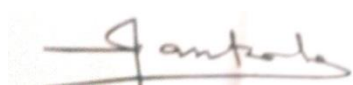
Med-View has been involved in the sponsorship of the Lagos State Grass Root Soccer Association, tagged the, '*U-16 MED-VIEW CUP*'. In the course of the year under review, the company, because of the financial constraint did not do much in terms of Corporate Social Responsibilities.

## **CONCLUSION**

Distinguished shareholders, I can safely conclude that your Airline has already tackled challenges that faced it with utmost professionalism so as to achieve set targets. I express my gratitude to my Management Team and Senior Managers for the cooperation I received from them during the trying period and I look forward to the same level of cooperation, if not more, from them in managing the affairs of the Airline in 2019.

I am also thankful to the Board of Directors for the high level of expertise and skills they brought to the operations of your Airline. My sincerest appreciation goes to all of you, our cherished shareholders for your confidence in Airline and for considering Med-View as your Airline in various air travels.

Thank you.



**Alhaji Muneer Bankole**  
**Chief Executive Officer**  
**FRC/2015/ICEN/00000011889**  
**March 29, 2019**

**MANAGEMENT**

**ALHAJI MUNEER BANKOLE**  
*Chief Executive Officer*

**AJIGBOTOSHO MICHEAL OLA**  
*Chief Operating Officer*

**ISIAQ NA'ALLAH SUYUTU**  
*Executive Director (Business Development)*

**TEWOGBADE RUBIL BABATUNDE**  
Ag. Chief Finance Officer

**NOUAMANE ZAHOUANI (Morrocan)**  
Head, Ground Operations.

**TREVOR HENRY (South African)**  
Head of Commercial

**OMOLOPO ADETORO**  
*Head of Engineering*

**JAGUN JOYE**  
*Head of Audit*

**CAPT. STEPHEN FEVRIER**  
*Chief Pilot*

**CAPT. MOHAMMED Y.MWONDHA (Kenyan)**  
*Head OF Flight Operation*

**BENEDICT UMUNNA**  
*Quality Manager*

**JEREMIAH IYAMU**

**Ag. Safety Manager**

**CLIFF OGOEBUNEM OKOH**  
*Manager, Operation Control*

**OGUNDIRAN JOSEPH**  
*Admin Manager*

**DIRECTORS REPORT ON THE FINANCIAL STATEMENTS**

The Directors have the pleasure to present their report together with the Company's audited financial statements for the year ended December 31, 2018.

**1. PRINCIPAL ACTIVITIES**

The principal activities of the company are airline operations in all its ramifications including Hajj operations, domestic operation, and passenger lifting and allied services.

**2. RESULT**

	<b>2018</b>	<b>2017</b>
	<b>₦'000</b>	<b>₦'000</b>
Gross Revenue	<u>9,562,197</u>	<u>36,961,732</u>
Profit/(Loss) before Taxation	(10,331,365)	1,506,188
Income tax	(25,769)	(251,044)
	—————	—————
<b>Profit/(Loss) for the year</b>	<b>(10,357,133)</b>	<b>1,255,145</b>
	=====	=====

**3. LEGAL FORM**

Med-View Airline Plc. was incorporated in Nigeria as a Private Limited Liability Company on 11th August, 2004 and became a public liability company in December 18, 2015. The company commenced business operations on 2nd January, 2007.

**4. DIRECTORS' INTEREST**

- a) The interests of the Directors in the paid-up capital of the company as recorded in the register of Directors' shareholdings as at 31 December, 2018 are as follows:

Director	% Shareholding		No of Shares (Units)	
	2018	2017	2018	2017
Abdulmoshen Al-Thunayan	36	36	3,509,828,550	3,510,000,000
Muneer Bankole	40	40	3,858,000,000	3,858,000,000
Na'Allah Suyuti	0.0008	0.0008	75,000	75,000
Olabode Oyedele	0.0001	0.0001	982,683	982,683
Odigboh Terry Uzoh	0.0001	0.0001	982,000	982,000
Edmund Abayomi Jones	Nil	Nil	Nil	Nil
Babatunde Olanrewaju Ajimoso	Nil	Nil	Nil	Nil
Fatima Ummi	Nil	Nil	Nil	Nil

The directors' shareholdings remained constant as at the date the financial statement was approved by the Board of Directors on March 29, 2019.

b) Shareholders with Substantial Interest of 5% and above.

Director	% Shareholding		No of Shares (Units)	
	2018	2017	2018	2017
Abdulmoshen Al-Thunayan	36.00	36.00	3,509,828,550	3,510,000,000
Muneer Bankole	39.57	39.57	3,858,000,000	3,858,000,000
Ocean Trust Ltd.(Representative)	10.26	0	1,000,000,000	0

## 5 SHARE CAPITAL

### a) History

YEAR	AUTHORISED/N1 EACH UNIT OF SHARES	ISSUED AND FULLY PAID UNIT OF SHARES	INCREASE
2004	500,000,000	215,725,459	0
2008	500,000,000	225,811,000	10,085,541
2009	2,000,000,000	225,811,000	0
2012	2,000,000,000	2,000,000,000	1,774,189,000
2013	6,000,000,000	2,000,000,000	0
2015	12,000,000,000	3,900,000,000	1,900,000,000
2016	12,000,000,000	9,750,649,400	1,950,649,400

**b) Shareholding Analysis of Ordinary Shares**

<b>Range</b>	<b>No of holders</b>	<b>Percentage</b>	<b>Units</b>
<b>1 - 1,000</b>	402	0.0016	157,901
<b>1,000 - 5,000</b>	161	0.0058	563,194
<b>5,001 - 10,000</b>	85	0.0085	831,224
<b>10,001-50,001</b>	154	0.0325	3,166,580
<b>50,001-100,000</b>	13	0.0101	980,000
<b>100,001 -500,000</b>	20	0.0493	4,811,568
<b>500,001 – 1,000,000</b>	14	0.1149	11,203,413
<b>1,000,001- Above</b>	21	99.78	9,728,935,520
<b>GRAND TOTAL</b>	<b>870</b>	<b>100</b>	<b>9,750,649,400</b>

**c) Major Shareholdings**

	<b>2018</b>	<b>%</b>	<b>2017</b>	<b>%</b>
	<b>Number of Shareholdings</b>		<b>Number of Shareholdings</b>	
	<b>'000(units)</b>		<b>'000(units)</b>	
<b>Abdulmoshen Al –Thunayan</b>	3,509,828	36.00	3,510,000	36.00
<b>Alhaji Muneer Bankole</b>	3,978,000	39.57	3,978,000	39.57
<b>Ocean Trust Limited</b>	1,000,000	10.26	0	10.26
<b>Nigerian Citizens and Corporate</b>				
<b>Bodies</b>	<u>1,262,650</u>	<u>14</u>	<u>2,262,650</u>	<u>24</u>
	<b><u>9,750,650</u></b>	<b><u>100</u></b>	<b><u>9,750,650</u></b>	<b><u>100</u></b>

**d) Directors' Interest in Contracts**

For the purpose of Section 277 of the Companies and Allied Matters Act 2004 as amended of any declarable interest in contracts as at 31 December, 2018, none of the directors of the Company has any interest as at 31 December, 2018.

**e) Directors' Responsibilities**

The Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the company at the end of each financial period and of the profit or loss for that period in compliance with the provisions of the International Financial Reporting Standards and the Companies and Allied Matters Act CAP C20 LFN 2004, to ensure that

- Proper accounting books and records are maintained.
- Applicable accounting standards are followed.
- Suitable accounting policies are adopted and consistently applied.
- 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 will reasonably safeguard the assets, prevent and detect fraud and other irregularities.

#### **f) Board Changes**

Since the last Annual General Meeting, there have been some changes to the composition of the Board. Engr. Lookman Animashaun resigned on April , 2018  
In accordance with Section 249(2) of the Companies and Allied Matters Act, (Cap C20), Laws of the Federation of Nigeria 2004, Amb. Ajisomo and Mrs. Fatimah Umami Idris being directors appointed since the last Annual General Meeting retire and being eligible, offer themselves for re-election. A resolution will be proposed at the Annual General Meeting approving their appointments.

#### **g) Directors to retire by rotation**

In accordance with section 259 (1)and (2) of the Companies and Allied Matters Act, (Cap C20), Laws of the Federation of Nigeria 2004, Messrs Na'AllahSuyuti, Bode Oyedele and Amb. Babatunde Ajisomo will be retiring by rotation and being eligible, offer themselves for re-election.

## **6 DONATIONS**

The following donations were made to Charitable Organization during the year ended 31 December, 2018 as part of its Corporate Social Responsibility during the period:

	<b>₦</b>
<b>(i)</b> Lagos State Grassroot Soccer	1,500,000
<b>(ii)</b> Aeronautical Information Management Association of Nigeria	450,000
<b>(iii)</b> Construction of Police Post, Orimedu, Ibeju, Lekki	<u>5,891,000</u>

**7,841,000**

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

## **7 FUTURE PROSPECTS**

The Directors are confident that the company is appropriately placed to continue its current business and to explore new business opportunities by the establishment of MRO and ATO.

## **8 ACQUISITION OF OWN SHARES**

The Directors affirm that the company did not purchase its own shares during the year.

The employees of the company are participants in the Med-View Airline's Employees' shareholding plan through share options granted by Med-View Airline Plc.

## **9. MAJOR CUSTOMERS**

The Company's major customers are:

National Hajji Commission of Nigeria  
Wakanow Ehi Multi-Systems Ltd  
Greater Washington Ltd  
Feminik  
Crystal Travel/Travel House  
DAAR Communication (LOS)  
GACCA  
Mercure Voyages &Tourisme  
Mark Logistics Services PHC  
Immaculate Global Travels & Tours  
Captain Travels Agency

## **10 MAJOR SUPPLIERS**

Airline Management Support Ltd  
Oando Plc.  
Skycare Catering Services  
Planet One  
Cleanserve  
Forte Oil  
Bi- Courtney  
Conoil Aviation Logistics Limited  
Aviation Logistics and Management Ltd  
Federal Airport Authority of Nigeria

## **11 FRAUD**

The Company did not witness any case of fraud during the period.

## **12 EMPLOYMENT AND EMPLOYEES**

### **i. Employment of disabled persons:**

It is the company's policy not to discriminate in considering applications for employment from disabled persons. Therefore, all employees whether or not disabled are given equal opportunities to acquire experience and increase in knowledge to qualify for promotion & furtherance of their careers. Nevertheless, as at 31 December, 2018 the company had no disabled person in its employment.

### **ii. Employees involvement and training**

- a) The company is committed to keeping employees as fully informed as possible regarding its performance and progress and seeking their views wherever practicable on matters which particularly affect them as employees.
- b) Management, professional and technical expertise are the company's major assets and investments in developing such skills continues.
- c) The company provides a range of training for its staff and this has broadened opportunities for career development within the organization.
- d) Incentive schemes designed to meet the circumstance of each individual are implemented wherever appropriate.

iii. Health, safety at work and welfare of employees. Health and safety regulations are in force within the company's premises and employees are aware of the existing regulations.

### **13 PROPERTY, PLANT AND MACHINERY**

The movement in property, plant and equipment during the period is as shown in note 14 of these financial statements. In the opinion of the directors, the market value of the company's properties is not less than the value shown.

### **14 INTERNAL FINANCIAL CONTROLS**

Effective financial controls are an essential management tool. Accordingly, reasonable care has been taken to establish and maintain a framework of financial controls to ensure that the Company's assets are safeguarded and that proper accounting records are maintained with a view to providing reliable financial information.

### **15 EVENTS AFTER THE REPORTING DATE**

There have been no material changes in the Company's financial position since December 31, 2018 that have affected the true and fair view of the Company's state of affairs as at that date.

### **16 RESULTS AND DIVIDEND**

The results for the year are set out in the financial statements on pages 60 - 64. In view of the fact that there is no profit for the year, no dividend is recommended.

**Unclaimed dividend:** Shareholders who are yet to receive their dividend are advised to contact the Registrar, African Prudential Registrars, 220b Ikorodu Rd Lagos.

**17. AUDITORS**

The auditors, Messrs. Olufemi Fajuyi & Co. (Chartered Accountants) was appointed to serve as the company's auditors in accordance with section 357(2) of the Companies and Allied Matters Act CAP C20 LFN 2004. A resolution will be proposed authorizing the directors to determine their remuneration.

**BY ORDER OF THE BOARD**



CGI

**ABDULLAHI ADAM ADULLAHI AND CO**  
COMPANY SECRETARY  
**FRC/2017/NBA/00000016360**  
**March 29, 2019**  
**LAGOS, NIGERIA**

## CORPORATE GOVERNANCE REPORT

Med-View Airline Plc. is committed to institutionalizing the practice of corporate governance and ethical business practices. It has always adopted a responsible attitude toward corporate governance and issues of corporate social responsibility in Nigeria. It conducts its business with integrity and pays due regard to laws of Nigeria and the legitimate interest of its stakeholders. The Board is continually reviewing corporate governance standards and procedures in line with international best practices.

### THE BOARD OF DIRECTORS.

As currently constituted, the Board of Directors comprises the Chairman, the Chief Executive Officer, Executive Director- Business Development, as well as **five** Non-Executive Directors. The Board is mandated to manage the business and affairs of the company except as required by status or the article to be exercised by the Company in the General Meeting. The Directors of Med-View are well established in various fields of endeavour and bring a wealth of experience to bear on the activities of the Board.

### Roles and Responsibility of the Board of Directors

The Board is responsible for ensuring that the company is properly managed and meets its strategic objectives. The Directors act in good faith, with due diligence and care and in the best interest of the Company. The Board in discharging its duties adopts international best practices in line with the global aviation industry.

The responsibilities of the Board include:

- a) Articulation and formulation of Strategies;
- b) Formulation of policies, compliance with safety standards and overseeing the management and conduct of the business;
- c) Formulation and Management of risk framework;
- d) Succession planning and the appointment, training, remuneration and replacement of Board members and senior management;
- e) Overseeing the effectiveness and adequacy of internal control systems;
- f) Performance monitoring and appraisal;
- g) Overseeing the maintenance of the company's communication and information disseminating policy;
- h) Ensuring effective communication with shareholders;
- i) Ensuring the integrity of financial reports;
- j) Ensuring ethical standards are maintained; and
- k) Ensuring compliance with all laws and regulations.

## **Board Evaluation**

The Board did not undertake any formal evaluation of its performance, individual or collective in the year under review. A process exists for follow up on all matters of concern or potential improvements which may arise when an evaluation process is carried out.

## **Re-election of Director**

As prescribed by the Company's Articles of Association and the Companies and Allied Matter Act (CAP C20)

Laws of the Federation of Nigeria 2004 a maximum of one third of the directors who are longest in office since their appointment are required to retire by rotation and being eligible for re-election offer themselves for re-election. Likewise, Directors appointed since the last Annual General Meeting retire and being eligible offer themselves for re-election.

## **Code of business conduct and ethics**

Every Director and employee subscribes to comply with the Company's Business integrity Guide and Code of Conduct which cover its business principles and ethics.

## **Board Committees**

All committees comprise directors, staff and shareholder representatives. Currently, there are five Board committees. In the opinion of the Board, the Committees performed very well during the period under review.

## **Attendance at board meetings**

### **Key:**

**P = Present**

**AWA = Absent with Apology**

**NYA = Not yet appointed**

**R = Resigned**

The Board of **Med-View Airline Plc.** met four times in 2018. It met every quarter. Please find the record of attendance below:

Attendance at board committee meetings

Names	Meetings Held			
	19/02/2018	15/05/18	30/07/18	06/11/18
Sheik Abdul-Moshen Rahman Al- Thunayan	P	P	P	AWA
Alhaji Muneer Bankole	P	P	P	P
Engr. Lookman Olanrewaju Animashaun	P	AWA	R	R
Alhaji Kacheef Olabode Oyedele	P	P	P	P
Mr. Adedayo Olaniyan	P	P	P	-
Mr. Na'AllahSuyuti	P	P	P	P
Mr.Edmund Abayomi	P	P	P	P
Odigboh Terry Uzoh	P	P	P	P
Amb. Babatunde Ajisomo	NYA	AWA	P	P
Mrs. Fatima Ummi Idris Mrs.	NYA	P	AWA	AWA

### Constitution of the board committees

In line with its Articles and in conformity with regulatory requirements of Securities and Exchange Commission's 2011 Corporate Governance Code and the Nigerian Stock Exchange, the Board has established Committees. These Committees assist the Board to effectively perform its guidance and oversight function.

The Board of **Med-View Airline Plc** has three committees; namely

- ✓ Statutory Audit Committees (SAC)
- ✓ Finance and General Purpose Committee (FG & PC)
- ✓ Risk Management Committee (RMC)

#### **RISK MANAGEMENT COMMITTEE (RMC )**

The RMC has responsibility to do the following:

1. Assist the Board in its oversight of the risk profile, risk management framework and the risk-reward strategy determined by the Board.
2. Review and approval of the companies risk management policy including risk appetite and risk strategy;

3. Oversight of management’s process for the identification of significant risks across the company and the adequacy of prevention, detection and reporting mechanisms
4. Review and recommend for approval of the Board risk management procedures and controls for new products and services.

**Attendance at board Committees meetings**

**Key:**

**P = Present**

**ABS=ABSENT**

**AWA = Absent with Apology**

**R= RESIGNED**

Attendance of Risk Management Committee at the board meetings

Names	Meetings Held			
	19/01/2018	11/05/18	13/10/18	5/12/18
Mr. Olabode Kacheef Oyedele (Chairman)	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>
Mrs Terry Odigboh Uzoh	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>
Hajia Fatima Umami Idris	<b>P</b>	<b>P</b>	<b>A</b>	<b>A</b>

**Finance and General Purpose Committee**

The Finance and General Purpose Committee has responsibility to do the following:

1. The annual estimates of revenue and expenditure (Income Statement)
2. Capital expenditure requirements including loans.
3. Investment and borrowing policies.
4. The framework for the Company’s strategic plan.
5. Annual Evaluation of the performance of the Board

Attendance Finance and General Purpose Committee of at the board meetings

Names	Meetings Held			
	23/03/18	20/06/18	28/09/18	5/12/18
Mr. Edmund Jones Abayomi (Chairman)	P	P	P	P
Mr. Isiaq Na’Allah (Member)	P	AWA	P	P
Mr. Adedayo Olaniyan (Member)	P	P	P	-

**Statutory Audit Committee:**

The Statutory Audit Committee is composed of three Directors (one of whom is Non-Executive Director) and three shareholders. It is chaired by a shareholder. The terms of reference of the Committees are prescribed in the provision of Section 359(6) of the Companies and Allied Matters Act 9CAP C20)Laws of the Federation,2004, in the performance of their duties, members have direct access to the internal audit department, the External Auditor, management and any other office that is required in compliance with the provision of Section 359) of the Companies and Allied Matters Act,(CAP C20)Laws of the Federation ,2004 the following members and directors were elected and will serve on the Committee up to the conclusion of the next Annual General Meeting:

**Attendance Statutory Audit Committees**

**Key:**

**P = Present**

**ABS=ABSENT**

**AWA = Absent with Apology**

**NRE= NOT RE- ELECTED**

**NYEBTS= NOT YET ELECTED BY THE SHAREHOLDERS**

**NYABTB=NOT YET APPOINTED BY THE BOARD**

**R= RESIGNED**

Names	Meetings Held			
	05/01/18	30/04/18	30/07/18	05/11/18
Sen. Akinola Babalola Odunsi	P	P	P	P
ENGR ANIMASHAUN LOOKMAN	P	R	R	R
Mr. ADEDAYO OLANIYAN	P	NRE	NRE	NRE
ALH. ISIAKA ADEDEJI	P	NRE	NRE	NRE
Mr OLUSHOLA AWOLEYE	P	NRE	NRE	NRE
ALH. OLABODE OYEDELE	AWA	P	P	AWA
MR ERINFOLAMI GAFAR	NYEBTS	P	P	P
MRS TERRY ODIGBOH UZOH	NYABTB	P	P	P
MR PETER EYANUKU	NYEBTS	P	P	P
HAJIA FATIMMA UMMI IDRIS	NYABTB	AWA	AWA	P

#### COMPLIANT MANAGEMENT POLICY:

The Board approved the Compliance Management Policy in accordance with the Rules of the Securities and Exchange Commission (“SEC”) on Complaints Management Framework of the Nigerian Capital Market released on 16<sup>th</sup> February, 2015 and also on the directive of the Nigerian Stock Exchange (“The Exchange”) contained in its circular issued on 22<sup>nd</sup> April, 2015 to all listed Companies. The policy is established and well observed within the Company.

#### SECURITIES TRADING POLICY:

The Board has in place a Securities Trading Policy which sets out guidelines on the purchase and sale of security by Directors, employees and associates. The policy assists all Directors and employees to have a better understanding of the restriction placed on them as insiders of the Company with respect to their securities transactions in order to avoid “insider trading” during any period as specified by the Company or “the Exchange” from time to time.

## **COMPLIANCE STATEMENT**

The Company has complied with the requirement of the Securities and Exchange Commission's 2011 Code of Corporate Governance for Public Companies in Nigeria and the Post Listing Requirement of the Nigeria Stock Exchange.

Med-View Airline complied with regulations guiding its operation and activities throughout the year. Med-View Airline ensured that its existence and operation remain within the law. The Company complies with laws and regulations of Nigeria.

## **WHISTE- BLOWING POLICY**

In line with the requirements of the Securities and Exchange Commission's 2011 Code of Corporate Governance and global best practices, the company has put in place a Whistle-Blowing policy which is a process whereby the illegal, unethical or inappropriate action of employees that are injurious to the interest of the company can be reported to the Board and Management.

## **ROLE IN SOCIETY**

Med-View Airline Plc. is one of the major players in the Aviation industry and is an integral part of the Nigerian society as an employer, a customer, a partner and a tax payer. The company maintains constant consultation with its stakeholders and has a policy which, not only drives but equally maintains its relationship with its operating environment. The company has a strong belief that substance of its business is linked to wellbeing of its immediate environment hence its decision to invest in health, safety, education and economic empowerment of its stakeholders and Nigerian public.

## **RELATIONSHIP WITH SHAREHOLDERS**

The board considers effective communication with shareholders as being of utmost importance. The company reports formally throughout the year with quarterly results announcements, annual financial statements reports and corporate social responsibility to all shareholders. Med-View maintains active dialogue with shareholders from time to time. The company also makes other announcement which could be found on our website ([www.medviewairline.com](http://www.medviewairline.com)). In addition to this Med-View holds periodic meetings with the Institutional Investors and other shareholders

The Board also welcomes the participation of all shareholders at the Annual General Meeting during which shareholders are able to put questions to the directors, Audit Committee and Senior Management.

**BY ORDER OF THE BOARD**



CS Signature

**Abdullahi Adam Abdullahi & Co.**

Company Secretary

**FRC/2017/NBA/00000016360**

**March 29, 2019**

**REPORT OF THE STATUTORY AUDIT COMMITTEE  
TO THE MEMBERS OF MED-VIEW AIRLINE PLC**

In compliance with section 359(6) of the Company and Allied Matter Act (CAP C20) Laws of the Federation of Nigeria, 2004, we confirm that we have:

- a. Reviewed the scope and planning of the audit requirement;
- b. Reviewed the External Auditors Management Report for the year ended December 31, 2018 as well as the management response thereon; and
- c. Ascertained that the accounting and reporting policies of the Company for the year ended December 31, 2018 are in accordance with legal requirement and agreed practices.

In our opinion, the scope and planning of the audit for the year ended December 31, 2018 was adequate and Management's response to the Auditor's finding were satisfactory.

In addition, the scope, planning and reporting of these Financial Statements is compliant with the requirement of the international Financial Reporting Standards as adopted by the company.

Dated this 28th day of March, 2019



.....  
**Sen. Akinola Kamar Babalola Odunsi**  
**FRC/2017/IODN/00000016589**  
**Chairman**

- **Sen. Akinola Babalola Odunsi** - Chairman
- **Mrs. Terry Odigboh Uzoh** -Non-Executive Director
- **ALH. OLABODE OYEDELE** -Non-Executive Director
- **HAJIA FATIMMA UMMI IDRIS** - Non-Executive Director
- **MR ERINFOLAMI GAFAR** -Shareholders' Representative
- **MR PETER EYANUKU** - Shareholders' Representative

## STATEMENT OF THE DIRECTORS RESPONSIBILITIES

The Companies and Allied Matters Act, CAP C20 LFN 2004, requires the Directors to prepare financial statements for each year that present fairly, in all material respect, state of financial affairs of the company at the end of the year and its profit or loss.

### The responsibilities include ensuring that:

- The Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the company and which ensure the financial statements comply with the requirements of the Companies and Allied Matters Act, CAP C20 LFN 2004, and relevant provisions of the International Financial Reporting Standards (IFRSs);
- Appropriate and adequate internal controls are established to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- The Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- The financial statements are prepared on a going concern basis unless it is presumed that the Company will not continue in business.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act as amended.

The Directors are of the opinion that the financial statements give a true and fair view of the statement of the financial affairs of the Company and of its profit or loss.

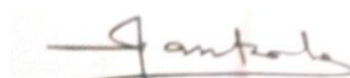
The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements as well as adequate systems of internal financial controls.

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



**Babatunde Tewogbade**

**Ag. Chief Financial Officer**  
(FRC/2018/ICAN/00000018904)  
**March 29, 2019**



**Alhaji Muneer Bankole**

**Chief Executive Officer**  
(FRC/2015/ICEN/00000011889)  
**March 29, 2019**

**OLUFEMI  
FAJUJI  
&CO**

*Chartered Accountants*

4, Olowu Street  
Off Obafemi Awolowo Way  
Ikeja Lagos  
P. O. BOX 2271  
Mushin Lagos State  
Tel: 08024906831  
08033202949

## **REPORT OF THE INDEPENDENT AUDITORS**

### **TO THE MEMBERS OF MEDVIEW AIRLINE PLC**

**On the audit of the Company Financial Statements  
For the year ended December 31, 2018.**

### **OUR OPINION**

In our opinion, the financial statements give a true and fair view of the financial position of Med-View Airline Plc. (the company) as at 31 December 2018, and of the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirement of the Companies and Allied Matters Act C.20LFN 2004 and the Financial Reporting Council of Nigeria Act 2011.

### **WHAT WE HAVE AUDITED**

Med-View Airline Plc.'s financial statement comprises:

- The statement of financial position as at 31 December 2018:
- The statement of profit or loss and other comprehensive income for the year then ended:
- The statement of changes in equity for the year ended;
- The statement of cash flows for the year then ended; and
- The notes to the financial statements, which include a summary of significant accounting policies.

## GOING CONCERN CONSIDERATION

The company has suffered losses from its operations and has a net shareholders' deficiency of N3.26billion as at 31 December, 2018. The continuation of the company's operations is dependent upon the continued support of its shareholders, bankers and creditors. These financial statements have therefore been prepared on a going concern basis which assumes an injection of sufficient additional capital by the shareholders. It does not include adjustment to reflect the possible future effect of the recoverability and classification of liabilities that may result from the probable inability of the company to continue as a going concern.

## 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 financial statements section of this report.

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

## INDEPENDENCE

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
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<p><b>1. <u>Disposal of Property, Plant and Equipment</u></b></p> <p>During the year, the aircraft-767-200 (BQN 26062) was removed from the company's fleet as a result of disposal. This was not reflected in the financial statements of the</p>	<p>In line with IAS 16, Property, Plant and Equipment, N3.25billion; being the cost of the aircraft was removed from the value of Property, Plant and Equipment in the</p>
--	--

<p>company.</p> <p>The amount related to disposal was N1.5billion.</p>	<p>company's records. A loss of N1.5billion was recovered after taking into account accumulated depreciation and sales proceeds.</p> <p>In view of this, the amount of N1.5billion was charged to the statement of profit or loss of the company.</p>
<p><b>2. <u>Impairment Loss</u></b></p> <p>During the audit, an assessment of the state of the company's fleet was done to ascertain if there was any impairment as at the year ended December 31, 2018.</p> <p>From the assessment, the total value of impairment on the aircrafts was N653million.</p>	<p>IAS 36, Impairment of Assets seeks to ensure that an entity's assets are not carried at more than their recoverable amount (i.e. the higher of fair value less costs of disposal and value in use). Entities are required to conduct impairment tests where there is an indication of impairment of an asset, and the test may be conducted for a 'cash-generating unit'. Where an asset does not generate cash inflows that are largely independent of those from other assets.</p> <p>To ensure compliance with the above, a provision for impairment on two aircraft engines of N653million was charged against the statement of profit or loss.</p>
<p><b>3. <u>Provision for bad and doubtful debts</u></b></p> <p>During the audit, we noted that there were no movements in the balances of a number of trade receivables.</p> <p>The receivables amounted to N2.5billion naira as at the year ended 31 December, 2018.</p>	<p>We compared the balances as at 31 December, 2017 with the balances as at 31 December, 2018. The recoverability of these receivables was discussed with the management and a full provision was made for all the receivables older than a year which led to an additional provision of N2.5billion in the statement of profit or loss.</p>

### OTHER INFORMATION

The directors are responsible for the other information, the other information comprises: Company overview, our business, Chairman's statement, CEO'S statement, Corporate governance report, Statement of Director's responsibilities, Report of audit committee, Directors reports, Statement of value added, Five year financial summary, Notice of annual general meeting (but does not include the financial statements and our audit report thereon).

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed on the other information 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 facts. We have nothing to report in this regard.

### **RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR FINANCIAL STATEMENTS.**

The directors are responsible for the preparation of the financial statements in accordance with International financial Reporting Standard and the requirement of the Company and Allied Matters Act C.20LFN 2004, and the Financial Reporting Council of Nigeria Act 2011 and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatements, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the company's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operation, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company financial reporting process.

### **AUDITOR'S RESPONSIBILITIES FOR AUDIT OF THE FINANCIAL STATEMENTS**

Our responsibilities are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or errors, and to issue an auditor's report that include 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. Misstatement 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 decision of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statement, 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 or error is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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 disclosure made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exist related to events or condition that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exist we are require to draw in our auditor' reports to the related disclosure in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's opinion. However, future events or condition may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of financial statements, including the disclosures, and whether the financial statements represent the underlying transaction 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 Company to express an opinion on the statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion

We provide those charged with governance 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 those charged with governance, we determine those matters that were most significant in audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law of regulation precludes public disclosure about the manner or when, in extremely rare circumstance, 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 benefit of such communication.

**Reports on other legal and regulatory requirements**

The Companies and Allied Matter Act LFN C.20 2004 require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) The company has kept proper book of accounts, so far as appears from our examination of those books and return adequate for our audit have been received from branches not visited by us;
- iii) The company's statements of financial position, profit or loss and other comprehensive income are in agreement with the book of accounts;

For: Olufemi Fajuyi & Co



**Rasheed Oyelayo Oyinlola FCA**  
**Engagement Partner**  
**FRC/2014/ICAN/00000009286**  
**March 29, 201**



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1.0 Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements were authorized for issue by the Board of Directors of Med-View Airline Nigeria Plc. on March 28 2019.

#### 1.1 Basis of Measurement

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

#### 1.2 Functional and Presentation Currency

These financial statements are presented in Nigerian Naira, which is the company's functional currency. Hence, the financial statements are presented in Naira and all values are rounded to the nearest thousands, except otherwise indicated.

### 2.0 Reporting Foreign Currency Transactions in the Functional Currency

A foreign currency transaction is a transaction that is denominated or requires settlement in foreign currency, including transactions arising when the company:

- Renders services whose price is denominated in a foreign currency;
- Acquires or disposes assets or incurs or settles liabilities denominated in foreign currency; and
- Borrows or lends funds when the amounts payable or receivable are denominated in foreign currency.

#### 2.1 Initial Recognition

Foreign currency transactions shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount, the spot exchange rate (i.e. the prevailing exchange rate) between the functional currency and the foreign currency at the date of the transaction. The date of transaction is the date on which the transaction first qualifies for recognition in accordance with the International Financial Reporting Standards (IFRSs).

The functional currency is the currency of the primary economic environment in which the company operates, which is the Nigerian Naira.

#### 2.2 Reporting at the end of subsequent reporting periods

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date (i.e. the closing rate).

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.

### **2.3 Recognition of exchange differences**

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated at initial recognition during the period or in previous year's financial statements are recognized in profit or loss in the period in which they arise.

## **3.0 Financial Instruments**

The Financial instruments of the company consist of financial assets, financial liabilities and equity instruments. Each component of the financial instrument is classified on initial recognition in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

### **3.1 Financial assets**

#### **a. Initial Recognition and Measurement**

The company recognized financial assets in its statement of financial position when it becomes a party to the contractual provision of the instrument

At initial recognition, financial assets are measured at fair value plus, in the case of assets at fair value through profit or loss, directly attributable transaction costs.

#### **b. Subsequent Measurement**

The subsequent measurement of financial assets depends on their classification. This classification is based on the objectives of the company's business model and the contractual cash flow characteristics of the financial assets.

The company operates as an "Air Transport Operator". Hence, the objectives of its business model are to operate:

- Hajj charter flight operations;
- Domestic flight operations;
- Regional/International flight operations; and
- Allied services.

Based on these objectives, the financial assets of the company are classified into the following categories:

- Cash & cash equivalents;
- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available for sale investments.

**(i) Cash and cash equivalents**

Cash (currency) is a financial asset because it represents a medium of exchange and is therefore the basis on which all transactions are measured and recognized in the financial statements.

Demand deposits and other short-term investments like fixed deposits are financial assets because they represent the contractual right of the depositor to obtain cash from the bank or draw cheque or similar instrument against the balance in favour of a creditor in payment of a financial liability. Consequently, cash and cash equivalents in the statement of financial position comprise cash on hand, cash at banks and short-term deposits with a maturity of three months or less.

Bank overdrafts are included in current liabilities as part of short-term borrowings in the statement of financial position.

**(ii) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

- (a) It meets the definition of held for trading;
- (b) It is designated at fair value through profit or loss at inception.

**Held-for-trading financial assets**

Financial assets are “Held-for-trading” if acquired principally for the purpose of selling or repurchasing them in near term (i.e. to generate profit from short-term fluctuations in price or dealer’s margin), or on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking

**Designated at fair value through profit or loss at inception**

Financial assets designated at fair value through profit or loss at inception, are those that are:

Held to match liabilities that are linked to changes in fair value of these assets. The designation of these assets at fair value through profit or loss eliminates, or significantly reduces a measurement or recognition inconsistency (sometimes referred to as ‘an accounting mismatch’) that would otherwise arise from measuring assets or liabilities or recognizing gains and losses on them on different bases; or managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the company’s key management personnel.

**(iii) Loans and receivables**

Loans and receivables represent a contractual right to receive cash in the future. Hence, they are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the company provides money or services

directly to a debtor with no intention of trading the receivables. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less impairment losses.

The amortized cost of a financial asset is the amount at which the financial asset is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reductions for impairment of financial assets. **The carrying amount represents its fair value.**

The prepayments and receivables of the company have no basic loan features and they are also not managed on a contractual yield basis. As a result, they are subsequently measured at their invoiced amounts.

**(iv) Held-to-maturity Investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity. Were the company to sell more than an insignificant amount of held-to-maturity investments, the entire category would be tainted and reclassified as *available-for-sale* assets with the difference between amortized cost and fair value being accounted for in other comprehensive income.

Held-to-maturity investments are carried at amortized cost, using the effective interest rate method, less impairment losses.

**(v) Available-for-sale Investments**

Available-for-sale instruments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value in the statement of financial position.

**c. De-recognition of financial asset**

Financial assets are de-recognized when the contractual right to receive cash flows from the investments have expired or on trade date, when they have been transferred and the company has also transferred substantially all risks and rewards of ownership.

Non-cash financial assets pledged, where the counterparty has the right to sell or re-pledge the assets to a third party, are classified as pledged assets.

**d. Impairment of financial assets**

A financial asset or group of financial assets is impaired and impairment losses are recognized if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that

loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

**e. Assets carried at amortized cost**

At the end of each reporting period, the company assesses whether any objective evidence of impairment exists for individual financial assets that are individually significant and also for individual or group of financial assets that are not individually significant. If the company ascertains that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it then includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assessment of impairment. If there is objective evidence that an impairment loss on a financial asset measured at amortized cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. If any debt has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

When a receivable from client is uncollectible, it is written off against the related provision for impairment. Such amounts are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal is recognized in profit or loss.

**f. Assets carried at fair value**

At each reporting date, the company assesses whether there is objective evidence that a financial asset or a group of financial assets carried at fair value is impaired. In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its initial cost is considered in determining whether the assets are impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any

impairment loss on that financial asset previously recognized in profit or loss – is removed from comprehensive income and recognized in profit or loss.

Impairment losses recognized in profit or loss on equity instruments that are classified as available-for-sale are not subsequently reversed through profit or loss, any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. However, if in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

**g. Gains or losses**

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise.

Gains or losses arising from changes in the fair value of available-for-sale financial assets are recognized in comprehensive income, until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in comprehensive income is recognized in profit or loss.

Interest income, calculated using the effective interest method, is recognized in profit or loss except for short term receivables where the recognition of interest would be immaterial.

Dividends on available-for-sale equity instruments are recognized in the profit or loss when the company's right to receive payment is established.

### **3.2 Financial Liabilities**

#### **Initial recognition and measurement**

The company recognized financial liabilities in its statement of financial position when and only when it becomes a party to the contractual provision of the instrument.

At initial recognition, financial liabilities are measured at their fair value minus, (in the case of a financial liability not at fair value through profit or loss,) transaction costs that are directly attributable to the issue of the financial liability.

#### **Financial Liability**

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to the company's individual or corporate clients or another company. They are classified based on their purpose and nature into the following categories:

- Loans & borrowings; and
- Trade and other account payables.

**(i) Loans & Borrowings**

Loans and borrowings represent a contractual right to pay cash in the future. Hence, they are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They are initially recognized and measured at fair value.

The company measured its loans and borrowings subsequently at amortized cost with the finance charge being recognized over the period of the borrowing using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets (i.e. the company's aircrafts) are capitalized as part of the cost of that asset.

All other borrowing costs are expensed.

**Trade and Other Account Payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

The other account payables consist of the liabilities due to regulatory bodies and service providers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

**d. De-recognition of financial liabilities**

Financial liabilities are de-recognized when they are extinguished (i.e. when the obligation is discharged, cancelled or expires).

**3.3 Offsetting financial assets and liabilities**

A financial asset and a financial liability are offset and the net amount reported when, and only when, an entity has a legally enforceable right to set off the amounts, and intends either to settle on a net basis or simultaneously.

The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

**3.4 Equity Instrument**

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

The equity instrument of the company consists of its own equities only.

### 3.5 Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Hence, the fair values of quoted investments and unit trusts in active markets are based on current market prices. Since actual market prices are available in determining fair values, no significant estimates or valuation models are applied in determining the fair value of quoted financial instruments.

#### **Fair value hierarchy**

To increase consistency and comparability in fair value measurements and related disclosures, IFRS 13 establishes a fair value hierarchy that categorises into the following three levels, the inputs to valuation techniques used to measure fair value:

#### **Level 1 Inputs**

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value and shall be used without adjustment to measure fair value whenever available except circumstances arise that would not allow this.

#### **Level 2 inputs**

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

#### **Level 3 inputs**

Level 3 inputs are unobservable inputs for the asset or liability.

### 3.6 Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### 4. Property, Plant and Equipment (PPE)

Property, plant and equipment and other tangible assets are stated in the statement of financial position at cost at the date of transition to IFRS less accumulated depreciation and any accumulated impairment losses (if any). Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

### Depreciation

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values on a systematic basis over their estimated useful lives. The average useful lives are as follows:

Buildings	-	50 years
Aircraft:		
Engine	-	20years
Others	-	25years
Plant and equipment	-	4 years
Furniture and fittings	-	4 years
Computers	-	4 years
Motor Vehicles	-	4 years

Each part of an item of the office equipment, furniture and other tangible assets with a cost that is significant in relation to the total cost of the item is depreciated separately.

The asset's residual values, useful lives and depreciation method are reviewed on an annual basis, and are adjusted if appropriate.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss in the period of the disposal.

### De-recognition of property, plant and equipment

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

## 5. Investment Property

The freehold land owned by the company is currently undetermined for future use. As a result, it is regarded as being "**Held for Capital Appreciation**" and recognized as Investment Property.

### **Initial recognition and measurement**

At initial recognition, the investment property shall be measured at its cost. Transaction costs shall be included in the initial measurement.

### **Subsequent measurement**

After initial recognition, the company shall measure its investment property at fair value.

### **Disposal**

An investment property shall be derecognized (i.e. eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals.

### **Gains or losses**

Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognized in profit or loss in the period of the retirement or disposal.

## **6. Intangible Assets**

The intangible assets of the company comprised licenses & permits and computer software.

### **Licenses and permits**

The licenses and permits held by the company include Air Operators Certificate (AOC) & Route Designation Licenses (RDL) for its domestic operations and Air Carriers Permit (ACP), IATA & ICAO accreditation and permits for its regional/international operations.

### **Computer software**

The computer software deployed by the company is basically "Transaction Processing Systems". These systems are VIDCOM Reservation System (VRS) and SAGE50 Quantum Accounting Software.

### **Classification of the Intangible Assets**

The intangible assets are classified based on their useful lives:

- **Finite Life**
  - Air Transport License (ATL): The Air Transport License, Route designation licenses, IATA and ICAO accreditation & permit are valid for a period of time and must be renewed at the expiration of useful life of each asset.

- **Indefinite Life**

The Air Operators Certificate (AOC) and Air Carriers permit (ACP) are classified as having indefinite life as there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows.

**Recognition and Measurement of intangible assets with finite lives**

At initial recognition, the company shall recognize and measure its intangible assets with finite useful lives at cost and amortized on a straight-line basis over its useful lives.

After the initial recognition, the licenses and permits shall be measured at cost less accumulated amortization and accumulated impairment losses (if any).

The average amortization period shall be as indicated in the table below:

<b><u>Class of Intangible Asset</u></b>	<b><u>Amortization period</u></b>
Licenses and permits	5 years
Computer Software	4 years

The residual value of the intangible assets is assumed to be zero. However, an intangible asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**Recognition and Measurement of intangible assets with indefinite lives**

At initial recognition, the company shall recognize and measure its intangible assets with indefinite useful lives at cost.

The assets shall not be amortized but shall be tested for impairment annually, and whenever there is an indication that the intangible assets may be impaired by comparing the recoverable amount of the intangible assets (i.e. the licenses and permits) with their carrying amounts; the excess of the carrying amount over the recoverable amount shall be recognized as an 'impairment loss' in the income statement.

**Review of Useful Life Assessment**

The useful life of an intangible asset that is not being amortized shall be reviewed each year to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite shall be accounted for as a change in accounting estimate.

**Retirement and Disposals of Intangible Assets**

An intangible asset shall be derecognized on disposal or when future economic benefits are no longer expected from its use.

The gain or loss arising from de-recognition of an intangible asset shall be determined as the difference between the net disposal proceeds (if any) and the carrying amount of the asset. The gain or loss shall be recognized in profit or loss.

Gains on disposal of an intangible asset shall not be classified as revenue.

**7. Impairment of Non-Financial Assets**

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**8. Inventories**

The company's inventories consist of engineering spare parts for its aircrafts. They are stated at the lower of cost and estimated net realizable value. The cost of the engineering spares parts is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs to sell.

**9. Provisions**

Provisions are liabilities of uncertain timing or amount, and are recognized when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle that obligation.

Provisions are measured at the Directors' estimate of the expenditure required to settle that obligation at the end of each reporting period, and are discounted (at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability) to present value where the effect is material.

Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

**10. Taxation**

The tax for the period comprises current and deferred tax.

Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is recognized in other comprehensive income or directly in equity, respectively.

**Current tax payable**

The tax currently payable is based on taxable profit for the year and it comprises of the company income tax and education tax.

Taxable profit differs from net profit as reported in the income statement because it excludes item of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Med-View's liability for the company income tax is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date, while the education tax is charged at 2% of the assessable profits.

### **Deferred tax payable**

Deferred tax is the tax expected to be payable or recoverable on difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary difference can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of deferred tax assets is reviewed at each statement of financial position 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 asset to recover. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

Med-View Airline Nigeria Plc. intends to settle its current tax liabilities on a net basis.

The deferred tax assets are presented as non-current assets while the deferred tax liabilities are presented as non-current liabilities in the statement of financial position.

## **11. Employee Benefits**

### **Pension Fund Obligation**

The company operates a '**Defined Contribution Plan**' in compliance with the Pension Reform Act (2014), wherein the employees contribute 8% of their basic salary, housing and transport allowances. The company as an employer also contributes 10% of total basic salaries to each employee's chosen Pension Fund Administrator (PFA).

The company has no further payment obligations once the contributions have been paid.

Furthermore, the company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees, the benefits relating to employee service in the current and prior periods.

The contributions are recognized as employee benefit expense when they are due.

#### **Short-term employee benefits**

The cost of short-term employee benefits (those payable within 12 months after service is rendered) such as paid vacation, leave pay, sick leave and bonuses are recognized in the period in which the service is rendered and is not discounted.

The expected cost of short-term accumulating compensated absences is recognized as an expense as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur. The expected cost of bonus payments is recognized as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Provisions for leave pay and bonuses are recognized as a liability in the financial statements.

### **12. Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business net of VAT and other related sales taxes. The revenue of the company includes the following:

- Revenue per seat from the National Hajj Commission of Nigeria (NAHCON) for airlifting pilgrims to Saudi Arabia;
- Revenue per seat from domestic/regional & international flight operations;
- Cargo operations; and
- Fees from excess luggage.

Revenue from Hajj operations is recognized when the pilgrims are airlifted from Nigeria to Saudi Arabia and from Saudi Arabia to Nigeria.

Revenue from the sale of air tickets on domestic/regional/international flight operations and fees from excess luggage are recognized when the transportation is provided and tickets are used.

Air tickets sold but unused are held in the statement of financial position under current liabilities as passenger and cargo sales- in- advance.

Interest income is recognized on a time proportion basis using the effective interest method.

### **13. Leases**

The company has both finance lease and operating lease agreements for its aircrafts.

**a. Finance Lease**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an asset.

**Initial recognition and measurement**

Finance lease are recognized as assets and liabilities in the statements of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Any initial direct costs of the company on the leased asset are added to the amount recognized as an asset.

The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease agreements.

**Subsequent measurement**

Minimum lease payments are apportioned between the finance charge and reduction of outstanding liability.

The finance charge shall be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The outstanding lease liability is presented as non-current liabilities while the accrued finance charge is presented as current liabilities in the statement of financial position.

The lease payments are included in the statement of profit or loss in the case of operating lease.

**Depreciation of leased assets**

The depreciation policy for the depreciable leased assets is consistent with the depreciation policy for the assets owned by the company and the depreciation recognized as expense in the statement of profit or loss (if operating).

**b. Operating Lease**

A lease is classified as operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

**Recognition of lease payments**

Lease payments shall be recognized as an expense on a straight-line basis over the period of the lease.

**14. Dividend Distribution**

Dividend distribution to the company's shareholders is recognized in the financial statements in the period in which the dividends are declared.

The declared dividend shall be debited directly to equity (retained earnings) and credited to the dividend payable account, net of withholding tax or any related income tax benefit.

When the dividend is eventually paid by the company, the dividend payable account shall be debited while cash is credited.

Dividends which remained unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with Section 385 of the Companies and Allied Matters Act of Nigeria are written back to retained earnings.

**15. Share Capital**

The share capital of the company consisted of nine billion, seven hundred and fifty million six hundred and fifty thousand four hundred (9,750,650,400) ordinary shares that are classified as equity and are recorded at the proceeds received net of incremental external costs directly attributable to the issue.

**16. Non-current assets held –for-sale**

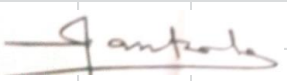

Non – current asset and groups of assets and liabilities which comprise disposal groups, are classified as ‘held for sale’ when all of the following criteria are met:

- A decision has been made to sell
- The assets are available for sale immediately;
- The assets are being actively marketed; and
- A sale has been agreed or is expected to be concluded within twelve months of the statement of financial position date.

Prior to classification as held-for-sale, the assets or groups of assets are re-measured in accordance with the company’s accounting policies. Subsequently, assets and disposal groups classified as held-for-sale are valued at the lower of book value or fair value less disposal costs.

Assets that are being held-for-sale are not depreciated.

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<b>STATEMENT OF FINANCIAL POSITION</b>				
<b>ASSETS</b>	<b>Notes</b>	<b>2018 N'000</b>	<b>2017 N'000</b>	
Property, plant and equipment	14	13,498,555	8,713,768	
Investment property	15	270,500	270,500	
Intangible Assets	16	1,658,024	1,766,357	
Security deposit	18	0	1,576,292	
<b>Non-current assets</b>		<b>15,427,079</b>	<b>12,326,917</b>	
Inventories	19	108,550	81,010	
Trade and other receivables	21	2,347,982	3,849,550	
Prepayments	20	0	412,536	
Cash and cash equivalents	22	(141,693)	2,928,125	
<b>Current Assets</b>		<b>2,314,839</b>	<b>7,271,221</b>	
<b>Total Assets</b>		<b>17,741,918</b>	<b>19,598,138</b>	
<b>Equity and liabilities Equity</b>				
Issued share capital	24	4,875,325	4,875,325	
Retained earnings		(8,139,028)	2,510,624	
<b>Total Equity</b>		<b>(3,263,703)</b>	<b>7,385,949</b>	
<b>LIABILITIES</b>				
Deferred Tax		72,188	70,580	
Borrowing	26	478,753	822,416	
<b>Non-current liabilities</b>		<b>550,942</b>	<b>892,996</b>	
Trade and other payables	27	18,845,517	10,560,024	
Current income tax payable	13	331,308	307,148	
Borrowing	28	1,277,855	452,021	
<b>Current liabilities</b>		<b>20,454,680</b>	<b>11,319,192</b>	
<b>Total equity and liabilities</b>		<b>17,741,919</b>	<b>19,598,138</b>	
<b>Approved by the Board of directors on March 29,2019 and signed on its behalf by</b>				
 				
<b>Muneer Bankole</b>			<b>Babatunde Tewogbade</b>	
<b>Chief Executive Officer</b>			<b>Ag.Chief Finance Officer</b>	
<b>(FRC/2015/ICEN/00000011889)</b>	61		<b>(FRC/2018/ICAN/000000018904)</b>	
<b>The notes on pages 64 to 88 are an integral part of these financial statements</b>				

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<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>				
	<b>Notes</b>	<b>2018 N'000</b>	<b>2017 N'000</b>	
Gross Revenue	5	9,562,197	36,961,732	
Operating Cost	9	<u>(12,538,709)</u>	<u>(30,817,231)</u>	
Gross Profit/(Loss)		(2,976,513)	6,144,501	
Other Income	7	40,385	7,439	
Exchange Gain/(Loss)	8	(26,300)	(74,687)	
Loss on Disposal of Aircraft	8.1	(1,506,296)	0	
Write off on Investment		0	(32,585)	
Administrative expenses	10	(5,669,909)	(4,311,378)	
Finance Costs	12	<u>(192,732)</u>	<u>(227,101)</u>	
<b>Profit/(Loss) before tax</b>	<b>32</b>	<b>(10,331,365)</b>	<b>1,506,189</b>	
Tax expense	13	(25,769)	(252,197)	
<b>Profit/(Loss) for the year</b>		<b>(10,357,133)</b>	<b>1,253,991</b>	
Other Comprehensive Income for the period,		0	0	
<b>Total comprehensive income</b>		<b><u>(10,357,133)</u></b>	<b><u>1,253,991</u></b>	
<b>Earnings Per Share</b>				
<b>Basic(kobo)</b>	25	(106.22)	12.86	
<b>Diluted (kobo)</b>	25	(106.22)	12.86	
<b>The notes on pages 64 to 88 are an integral part of these financial statements</b>				

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<b>STATEMENT OF CHANGES IN EQUITY</b>					
	<b>Issued share capital</b>	<b>Retained earnings</b>	<b>Total Equity</b>		
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>		
<b>As at 1 January 2017</b>	4,875,325	1,549,152	6,424,477		
<b><u>CHANGES IN EQUITY 2017</u></b>					
Dividend Paid during the year		(292,519)	(292,519)		
Total comprehensive income for the period	0	1,253,991	1,253,991		
<b>As at 31 December, 2017</b>	<b>4,875,325</b>	<b>2,510,624</b>	<b>7,385,949</b>		
<b><u>CHANGES IN EQUITY 2018</u></b>					
Dividend Paid during the year		(292,519)	(292,519)		
Total comprehensive income/(loss) for the period	0	(10,357,133)	(10,357,133)		
<b>As at 31 December, 2018</b>	<b>4,875,325</b>	<b>(8,139,028)</b>	<b>(3,263,703)</b>		
<b>The notes on pages 64 to 88 are an integral part of these financial statements</b>					

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<b>STATEMENT OF CASHFLOWS</b>		<b>2018</b>	<b>2017</b>
		<b>N'000</b>	<b>N'000</b>
Profit/(Loss) before tax		(10,331,365)	1,506,189
<b>Non- cash adjustments:</b>			
Depreciation charge		757,087	395,367
Write off of Investment		0	32,585
Amortization		108,333	130,000
Loss on disposal of aircraft		1,506,296	0
Provision for Impairment loss		653,140	0
Adjustments on Intangible assets		0	(6,360)
Finance Charges		192,732	227,101
		<b>(7,113,777)</b>	<b>2,284,882</b>
<b>Working capital adjustments</b>			
(Increase) in inventories		(27,540)	(65,078)
(Increase) /Decrease in trade and other receivables		1,501,567	(774,730)
(Increase)/Decrease in Current Prepayments		412,536	(275,896)
Increase in trade and other payables		8,285,494	3,071,382
Increase/(Decrease) in borrowings		825,834	(515,279)
		<b>3,884,114</b>	<b>3,725,281</b>
<b>Net cashflow from operating activities</b>			
<b>Investing activities</b>			
Purchase of properties, plant and equipment		(8,920,623)	(1,257,286)
Proceeds from sale of Property, Plant and Equipment		1,219,313	
Movement in Security Deposits		1,576,292	(2,699)
Tax paid during the year		0	(43,412)
		<b>(2,240,904)</b>	<b>2,421,884</b>
<b>Financing activities</b>			
Dividend Paid		(292,519)	(292,519)
Finance Charges		(192,732)	(227,101)
(Decrease)/Increase in borrowings		(343,663)	499,982
Net increase in cash and cash equivalent		(3,069,818)	2,402,246
Cash and cash equivalent at 1 January		2,928,125	525,879
Cash and cash equivalent at 31 December		<b>(141,693)</b>	<b>2,928,125</b>
<b>The notes on pages 64 to 88 are an integral part of these financial statements</b>			

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<b>5. REVENUE</b>									
<b>Rendering of Services</b>									
	<b>2018</b>		<b>2017</b>						
	<b>N'000</b>		<b>N'000</b>						
Hajj and Cargo Operations	3,032,139		8,247,641						
Domestic Operations	3,644,107		14,853,097						
International /Regional Operations	2,885,951		13,860,994						
	<b>9,562,197</b>		<b>36,961,732</b>						
<b>6. Segment Reporting</b>									
<b>Products and Services from which reportable segments derive their revenues.</b>									
Information reported to the Company's Chief Executive for the purposes of allocation and assessment of segment performance is focused on the category of products for each type of activity. The principal sales channels are Hajj, International and Domestic Operations. The company's reporting segment under IFRS 8 are therefore as follows: Hajj, Domestic and International Operations.									
<b>6.1 SEGMENT REVENUE &amp; GROSS PROFIT</b>									
<b>Dec-18</b>									
	<b>Hajj Operations</b>	<b>%</b>	<b>International Operations</b>	<b>%</b>	<b>Domestic Operations</b>	<b>%</b>	<b>Total</b>	<b>%</b>	
	<b>N'000</b>		<b>N'000</b>		<b>N'000</b>		<b>N'000</b>		
Revenue	3,032,139	31.71	2,885,951	30.18	3,644,107	38.11	9,562,197	100	
Operating Cost	(2,274,104)	18	(5,137,258)	41	(5,127,342)	40.89	(12,538,704)	100	
<b>Gross Profit</b>	<b>758,035</b>		<b>(2,251,307)</b>		<b>(1,483,235)</b>		<b>(2,976,507)</b>		
<b>Dec-17</b>									
	<b>Hajj Operations</b>	<b>%</b>	<b>International Operations</b>	<b>%</b>	<b>Domestic Operations</b>	<b>%</b>	<b>Total</b>	<b>%</b>	
	<b>N'000</b>		<b>N'000</b>		<b>N'000</b>		<b>N'000</b>		
Revenue	8,247,641	22.31	13,860,994	37.50	14,853,097	40.19	36,961,732	100	
Cost of Sales	(5,733,194)	18.60	(11,701,216)	37.97	(13,382,821)	43.43	(30,817,231)	100	
<b>Gross Profit</b>	<b>2,514,447</b>		<b>2,159,778</b>		<b>1,470,276</b>		<b>6,144,501</b>		

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<b>Notes to the financial statements (continued)</b>		
<b>7. OTHER INCOME</b>		
	<b>2018</b>	<b>2017</b>
	<b>N'000</b>	<b>N'000</b>
Miscellaneous Income	39,157	6,172
Other Income	1,196	-
Interest Income	31	1,267
	<u>40,385</u>	<u>7,439</u>
<b>8. EXCHANGE GAIN AND LOSSES</b>		
Exchange Gain/Loss	<u>(26,300)</u>	<u>(74,687)</u>
<b>8.1 LOSS OF AIRCRAFT DISPOSAL</b>		
<p><b>As a result of financial crisis, the company disposed one of its aircraft which resulted to a loss of N1,506,296,000. However, the company has made a sale and lease back arrangement with the buyer of the aircraft.</b></p>		
<b>9. OPERATING COST</b>		
Aircraft lease - Hajj Operation	142,675	2,307,922
Aircraft lease - Local Operation	265,773	4,078,001
Aircraft Maintenance	188,702	2,340,907
Aviation fuel -ATK	5,996,779	10,312,418
Handling charges	582,259	1,571,487
Catering	320,253	1,203,099
Statutory Charges (NCAA/FAAN/NAMA)	1,589,463	4,442,260
Over flight /navigation charges	760,457	766,405
Hotel Accomodation	359,190	1,159,793
Insurance and aircraft inspection	432,416	290,481
Govt. Agency/ Royalty - NAHCON	397,115	1,023,838
Weighing charges	0	31,440
Flight attendants allowance	132,453	232,423
Commission	683,454	726,365
Depreciation: Aircraft	687,721	330,390
	<u>12,538,709</u>	<u>30,817,231</u>

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<b>Notes to the financial statements (continued)</b>						
<b>10. ADMINISTRATIVE EXPENSES</b>				<b>2018</b>	<b>2017</b>	
				<b>N'000</b>	<b>N'000</b>	
Note						
Advertisement				43,731		285,409
Business Development				146,630		236,171
Fuel( PMS/AGO)				28,172		52,359
Insurance				3,812		145,924
Motor Vehicle expenses				22,976		39,432
Printing & Stationery				11,434		45,338
Office Rent				145,113		152,261
Staff Cost/Medical/Training/Welfare				1,312,706		2,086,420
Transport				30,977		153,155
Telephone /Communication				6,833		6,809
Courier Services & Postages				31,882		57,191
Entertainment				9,107		28,825
Electricity				5,915		5,653
Office Repairs & maintenance				4,345		3,256
Depreciation: Charge for the year				69,505		64,980
Amortization of intangible assets				108,333		130,000
Impairment Loss				653,138		0
Subscription charges				83,380		233,125
AGM Expenses				9,443		0
Security services				77,617		156,386
Fines and Penalties				700		-
Audit fees				7,500		12,500
Bank Charges				113,817		141,173
Legal & Other Consultancy fees				219,907		98,842
Operational expenses - Hajj				4,729		108,608
Provision for bad debts			21	2,505,646		0
Other repairs and maintenance				12,561		67,562
				<b>5,669,909</b>		<b>4,311,378</b>

<b>Notes to the financial statements (continued)</b>		
<b>11. AUDITORS' REMUNERATION</b>		
The analysis of auditors' remuneration is as follows:	<b>2018</b>	<b>2017</b>
	<b>0</b>	<b>0</b>
Fees Payable to the Companys' auditor for the audit of the		
company's annual account	<u>7,500</u>	<u>12,500</u>
<b>12. FINANCE COST</b>		
Interest on loan	157,160	88,471
Interest on overdraft	<u>35,572</u>	<u>138,630</u>
	<u>192,732</u>	<u>227,101</u>
<b>13. TAXATION</b>		
<b>Current Income Tax Payable</b>		
The movement on income tax payable account during the year was as follows:		
<b>Per income statement</b>		
<b>Income tax</b>		
Income tax for the year	24,161	100,063
Education tax for the year	0	20,013
Deferred tax	<u>1,608</u>	<u>132,121</u>
	<u>25,769</u>	<u>252,197</u>
<b>Per Statement of financial position</b>		
Balance brought forward	307,148	230,484
Charged for the year	24,161	120,076
Paid during the year	0	(43,412)
Balance carried forward	<u>331,308</u>	<u>307,148</u>
<b>Deferred tax</b>		
Balance brought forward	70,580	(61,541)
(Write back)/charged for the year	<u>1,608</u>	<u>132,121</u>
(Asset)/liability carried forward	<u>72,188</u>	<u>70,580</u>
<b>The charge for taxation is based on the provisions of the companies Income Tax Act C21 LFN 2004</b>		
<b>as amended to date, Education Tax Act E 4 LFN 2004 and IAS 12.</b>		

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PROPERTY PLANT & EQUIPMENT AS AT 31ST DEC. 2018									
14. PROPERTY, PLANT AND MACHINERY									
	LAND & BUILDING N'000	MOTOR VEHICLES N'000	COMPUTER EQUIPMENT N'000	PLANT/OFFICE & COMM EQUIP N'000	FURNITURE, FITTING & PARTITIONING N'000	AIRCRAFT N'000	CAPITAL WORK-IN - PROGRESS N'000	TOTAL N'000	
<b>Cost or valuation</b>									
As at January 1, 2018	356,174	148,703	95,869	100,959	117,069	7,309,521	1,777,049	9,905,344	
Adjustments									
Additions	-	-	168	7,521	6,536	7,905,625	1,000,773	8,920,623	
Disposal	-	-	-	-	-	(3,253,692)		(3,253,692)	
<b>As at 31st December, 2018</b>	<b>356,174</b>	<b>148,703</b>	<b>96,037</b>	<b>108,480</b>	<b>123,605</b>	<b>11,961,454</b>	<b>2,777,822</b>	<b>15,572,275</b>	
<b>Depreciation</b>									
1st January 2018	22,458	86,146	52,619	55,434	54,928	919,991	0	1,191,576	
Adjustments	-	-	-	-	-			0	
Charges for the year	6,810	20,853	11,498	17,546	12,655	687,725	0	757,087	
Disposal						(528,083)		(528,083)	
<b>Provision for Impairment</b>									
1st January 2018	0	0	0	0	0	0	0	0	
Adjustments	-	-	-	-	-			0	
Charges for the year	0	0	0			653,140	0	653,140	
<b>As at 31st December, 2018</b>	<b>29,268</b>	<b>106,999</b>	<b>64,117</b>	<b>72,980</b>	<b>67,583</b>	<b>1,732,773</b>	<b>0</b>	<b>2,073,720</b>	
<b>At 31st December, 2018</b>	<b>326,906</b>	<b>41,704</b>	<b>31,920</b>	<b>35,500</b>	<b>56,022</b>	<b>10,228,681</b>	<b>2,777,822</b>	<b>13,498,555</b>	
<b>At 31st December, 2017</b>	<b>333,716</b>	<b>62,557</b>	<b>43,250</b>	<b>45,525</b>	<b>62,141</b>	<b>6,389,530</b>	<b>1,777,049</b>	<b>8,713,768</b>	
<b>14.1 Capital Work-in-progress</b>									
This represents the amount expended in acquiring a property toward the financial year end and stock of spare parts for the aircrafts.									
<b>14.2 Commitment</b>									
Financial commitments									
The following properties were used as collateral for properties enjoyed by the company from financial institutions									
( i ) TLM over property located at 23 Olowu str., Ikeja, Lagos with OMV of N230,000,000 as at 17/09/2013 as value by Ajayi Patunola & Co									
(ii) Legal Mortgage over property located at 2/3 Samota Falola Street, Olowu Ikeja, Lagos with OMV of N195,500,000 as at 17/09/2013 as valued by J. Ajayi Patunola & Co									
<b>14.3 Capital commitments</b>									
Capital expenditure commitments at the year -end authorized by the Board of Directors comprise:									
Approved and contracted									
Approved but not contracted									
<b>14.4 Provision for Impairment</b>									
One of the engines of two aircrafts were not functioning during the year,hence the provision for impairment of N653,140,000.									

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<b>Notes to the financial statements (continued)</b>		
<b>15. Investment properties</b>		
	<b>2018</b>	<b>2017</b>
	<b>N'000</b>	<b>N'000</b>
Balance brought forward	270,500	270,500
Movements during the year	0	0
At 31 December	<u>270,500</u>	<u>270,500</u>
<b>Investment Property is represented as follows:</b>		
<b>Landed property at 23, Olowu str, Ikeja</b>	<b>95,500</b>	<b>95,500</b>
<b>Landed property along Mobolaji Bank Anthony way</b>	<b>120,000</b>	<b>120,000</b>
The company uses fair value model in accounting for investment property.		
The properties were revalued by Mervic Consulting on December 5, 2016		
<b>15.1 Financial Commitments</b>		
The property located at 23 Olowu Str., Ikeja, Lagos with OMV of N230,000,000 as at 17/09/2013 was committed to facilities enjoyed from financial institution as at year end.		
<b>16. INTANGIBLE ASSETS</b>		
As at January	1,766,357	1,890,000
Additions	0	6,357
Amortised during the year	(108,333)	(130,000)
As at December	<u>1,658,024</u>	<u>1,766,357</u>
Intangible assets represents the licenses which authorises the company to operate as an airline and also the designations. It also includes the Software acquired by the company		
<b>The intangible assets are made up of the following licences:</b>		
a. Airline Operating Certificate		
b. IATA Licensed Travel Agent		
c. IATA Operational Safety audit certificate		
d. Air Transport Licence		
e. Tour Operators Licence		
f. Air Carriers Permit		
g. Route Designation Licence		
h. Vidcom Reservation System Software		
i. Sage 50 Quantum Accounting Software		
<b>17. Investments</b>		
<b>Available for sale financial assets</b>		
As at January 1	0	32,585
Write off on investment	0	(32,585)
As at December 31	<u>0</u>	<u>0</u>

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Notes to the financial statements (continued)			
<b>18. Security Deposit</b>			
		<b>2018</b>	<b>2017</b>
		<b>N'000</b>	<b>N'000</b>
As at January 1		1,576,292	1,573,593
Liquidation during the year		(1,576,292)	2,699
As at December 31		<u>0</u>	<u>1,576,292</u>
<b>The amount on security deposit represents forward options to Central Bank of Nigerian (CBN) in respect of Form A for the purchase of foreign currency. This amount is yet to mature as at December 31, 2017.</b>			
<b>19. Inventories</b>			
Spare parts for aircraft		108,550	81,010
		<u>108,550</u>	<u>81,010</u>
<b>This refers to the company's consumable spare parts relating to the aircrafts</b>			
<b>20. PREPAYMENTS</b>			
As at Jan 1		412,536	136,640
Movements during the year		(412,536)	275,896
As at Dec 31		<u>0</u>	<u>412,536</u>
<b>Prepayments relates to the amount paid in advance for the maintenance of the aircrafts within one year.</b>			
<b>21. Trade and other receivables</b>			
Trade receivables		155,450	2,473,156
Other receivables		991,598	379,971
Intercompany receivables	21.1	1,200,934	996,422
		<u>2,347,982</u>	<u>3,849,550</u>
<b>21.1. These represent balances outstanding in respect of settlements made by the company on behalf related entities</b>			
<b>Bad and Doubtful Debts Provision: 100% Provision for doubtful debts is made only for debts that are above 365 days and above due</b>			
<b>Despite making provision for the overdue debts, the company still makes efforts to collect the outstanding debts. Only debts that have been provided for which cannot be collected after exhausting all debts recovery efforts are eventually written off as bad debts.</b>			
<b>Credit Policy</b>			
<b>It is the policy of the company to subject sales agents to credit worthiness test. The credit worthiness of each agent is assessed by considering the history of their business transactions. Credit limits are set for each agents based on their volume of transactions. Corporate entities are granted credit after considering their credit worthiness</b>			

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<b>Notes to the financial statements (continued)</b>			
<b>21.2 Trade and other receivables (continued)</b>			
<b>Ageing of past due but not impaired receivables</b>			
		<b>2018</b>	<b>2017</b>
	<b>Note</b>	<b>N'000</b>	<b>N'000</b>
<b>30-60 days</b>		0	0
<b>30-90 days</b>		155,450	33,296
<b>Above 91 days</b>		2,532,299	2,439,860
		<b>2,687,749</b>	<b>2,473,156</b>
<b>Trade Receivable comprise of the following:</b>			
Trade Receivables		2,687,749	2,473,156
Less Provision for bad debts		(2,532,299)	(26,653)
		<b>155,450</b>	<b>2,446,503</b>
<b>Movement in the allowance for doubtful debts</b>			
Balance at the beginning of the period			
Amount written off during the year as uncollectible		26,653	26,774
Amount recovered during the year		(15,855)	(121)
Additional Provision for the year	10	2,521,501	
Balance at the end of the period		<b>2,532,299</b>	<b>26,653</b>
<b>22. Cash &amp; cash equivalents</b>			
Cash at hand		1,124	818,460
Cash In Transit		0	1,252,345
Cash at Bank		61,589	1,100,484
		62,713	3,171,288
Bank Overdrafts		(204,406)	(243,163)
		<b>(141,693)</b>	<b>2,928,125</b>
<b>Cash in transit represents the amount held by Airline Platforms on behalf of all airlines who remit the balances after Government deductions</b>			
<b>23. Cashflow from operating activities</b>			
Profit before tax		(10,331,365)	1,506,189
<b>Non- cash adjustments:</b>		-	
Depreciation charge		757,087	395,367
Revaluation surplus		-	0
Impairment Loss		653,140	
Asset Disposal		1,506,296	
Amortization		108,333	130,000
Adjustments on Intangible assets		-	(6,360)
Finance Charges		192,732	227,101
		<b>(7,113,777)</b>	<b>2,252,297</b>
<b>Working capital adjustments</b>			
Decrease /(Increase) in inventories		(27,540)	(65,078)
Decrease/(Increase) in trade and other receivable		1,501,567	(774,730)
(Increase)/Decrease in Current Prepayments		412,536	(275,896)
Increase /(Decrease) in trade and other payables		8,285,494	3,071,382
Increase/(Decrease) in borrowings		825,834	(515,279)
		<b>3,884,114</b>	<b>3,692,696</b>
<b>24. Share Capital</b>			
<b>Share Capital comprises:</b>			
<b>Authorized:</b>			
<b>As at January 1</b>			
12,000,000,000 ordinary shares of 50k each		6,000,000	6,000,000
During the year:		0	0
		<b>6,000,000</b>	<b>6,000,000</b>
<b>Issued &amp; Allotted:</b>			
As at 1 January		4,875,325	4,875,325
Issued during the year		0	0
Transferred from Capital Reserve		0	0
As at 31 December		<b>4,875,325</b>	<b>4,875,325</b>
<b>The company's share is divided into 50k per unit of share, the total share of the company stands at 12,000,000,000 ordinary shares of 50k each.</b>			

<b>Notes to the financial statements (continued)</b>			
<b>25. Earning Per Share</b>			
The calculation of the basic and diluted earning per share is based on the following data:			
earning for the purpose of basic earnings per share being the net profit attributable to the			
owners of the company			
		<b>2018</b>	<b>2017</b>
		<b>₦'000</b>	<b>₦'000</b>
Profit/(Loss) after tax		<u>(10,357,133)</u>	<u>1,253,991</u>
Number of shares			
Ordinary shares of 50kobo each		<u>9,750,649</u>	<u>9,750,649</u>
Earnings per 50kobo share (Basic)kobo		(106.22)	12.86
Earnings per 50kobo share(Diluted)kobo		(106.22)	12.86
<b>26. NON CURRENT LIABILITIES</b>			
Long-term borrowings			
Opening Balance		1,274,437	1,289,734
Addition during the year		1,569,611	1,000,000
Less Repayments		(1,087,440)	(1,015,297)
		1,756,608	1,274,437
Less: Amount due within one year		(1,277,855)	(452,021)
Amount due after one year		<u><b>478,753</b></u>	<u><b>822,416</b></u>
Finance lease liabilities are secured by the assets leased. The borrowings are a mix of			
debt with repayment periods not exceeding four years.			
variable and fixed interest rate.The weighted average interest rates paid during the year were:			
		%	%
Bank Overdraft		24	24
Finance lease		24	24

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<b>27. Trade and other payables</b>			<b>2018</b>	<b>2017</b>
	<b>Note</b>		<b>N'000</b>	<b>N'000</b>
Trade payables			14,386,798	6,912,048
Other payables & accruals			3,385,606	2,912,886
Intercompany balance	27.1		0	13,129
Directors' current accounts			1,073,113	721,961
			<u><b>18,845,517</b></u>	<u><b>10,560,024</b></u>
<b>27.1</b> These represent balances outstanding in respect of settlements made on behalf of the company by related entities				
Trade and other payables principally comprise amounts outstanding for trade purchases and on going costs. The average credit period taken purchase is sixty days.				
The directors consider that the carrying amount of trade payables approximates their fair values.				
<b>28. Short-term borrowings</b>				
Current Portion of long term:				
Borrowings	26		<u>1,277,855</u>	<u>452,021</u>
			<u><b>1,277,855</b></u>	<u><b>452,021</b></u>
<b>Borrowings refer to the current portion loans repayable within the next one year</b>				
<b>29. COMMITMENT AND CONTINGENT LIABILITIES</b>				
<b>(i) Commitment</b>				
<b>Financial Commitments</b>				
The Company did not charge any of its assets to secure liabilities of third parties other than those stated in the note 15.2 of this financial statement.				
The Directors are of the opinion that all known liabilities and commitments have been taken into account in the preparation of these financial statements.				
<b>(ii) Contingent Liabilities</b>				
There are contingent liabilities in respect of legal actions against the company amounting to N108,300,000 (there were no contingent liabilities in the previous year). Management has not made provision for this liability as consultations with the Company's external solicitors has indicated that the likely outcome of the legal actions may favour the Company.				
<b>30. RECLASSIFICATION OF BALANCES</b>				
Certain comparative balances have been reclassified to ensure proper disclosure and uniformity with the current year's presentation.				

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<b>31. INFORMATION REGARDING EMPLOYEES</b>		
<b>31.1</b> The table below shows the number of staff of the company whose emolument during the year excluding pension contributed were within the range stated:		
	<b>2018</b>	<b>2017</b>
	<b>NUMBERS</b>	<b>NUMBERS</b>
Less than 500,000-1,000,000	66	23
1,000,001-1,500,000	49	63
1,500,501-2,000,000	98	57
2,000,001-2,500,000	58	133
2,500,001-3,000,000	14	42
3,000,001-3,500,000	13	17
3,500,001-4,000,000	9	12
4,000,001-4,500,000	11	11
4,500,001-5,000,000	8	9
5,000,001-5,500,000	2	2
5,500,001-6,000,000	4	1
6,000,001 -6,500,000	1	1
6,500,001 and above	29	41
	<b>362</b>	<b>412</b>
i. The related salaries and wages amounted to N1,312,706 (2017: N2,086,420)		
Staff cost relating to the above were:		
Salaries and wages	1,237,781	1,807,644
Pension and Social benefit	65,694	268,256
Staff Medical Expenses	9,231	10,520
	<b>1,312,706</b>	<b>2,086,420</b>
<b>31.2 RETIREMENT BENEFIT SCHEME</b>		
(i) The Company operates pension scheme in accordance with the provisions of the Pension Reform Act 2004.		
The scheme applies to all employees of the Company and is funded through monthly contribution .		
by both the company and the employees. The Company uses about nine pension managers for its contribution		
scheme.		

<b>Notes to the financial statements (continued)</b>				
<b>31.3 The average number of persons, excluding directors, employed</b>				
by the company during the year was as follows:				
			<b>2018</b>	<b>2017</b>
			<b>Number</b>	<b>Number</b>
	Management		18	25
	Senior Staff		143	77
	Junior Staff		134	284
			<u>295</u>	<u>386</u>
<b>31.4 Employee benefit expenses</b>				
Staff costs for the above persons (excluding executive Directors):				
	Salaries and wages			
	Defined contribution plan			
<b>32. Profit before taxation</b>				
The profit before taxation is stated after charging the following:-				
	Depreciation of fixed assets		757,226	395,371
	Auditors remuneration		7,500	12,500
	Directors' Emoluments:		64,704	101,980
	Penalty paid to Nigerian Stock Exchange		700	0
	Operating lease rental payment:			
	Domestic operations		265,773	4,078,001
	Hajj operation		142,675	2,307,922
	Foreign Exchange Gain/(Loss)		(26,300)	(74,687)
	Loss on disposal of Aircraft		1,506,296	0
<b>33 Chairman and Directors Emoluments</b>				
	Chairman		0	0
	Other Directors		<u>64,704</u>	<u>101,980</u>
	As Directors Fees		0	0
	Emolument as Executives		64,704	101,980

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<b>Notes to the financial statements (continued)</b>				
The table below shows the number of Directors whose emoluments during the year excluding pension contributions were within the range stated:				
	<b>Number</b>	<b>Number</b>		
7,000,00-8,000,000	2	2		
8,000,001-9,000,000		-		
Above 9,000,001	1	1		
	<u>3</u>	<u>3</u>		
Number of Directors who had no emoluments	<b>3</b>	<b>3</b>		
<b>34. Related Party Transactions</b>				
During the year, the company entered into the following transactions with related parties				
	<b>Receipts</b>		<b>Payments</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Med-View Travels Konsult Agency Ltd	1,621,022	1,388,261	2,334,961	626,175
Med-View International Travels and Cargoes Ltd	654,278	669,398	523,704	354,537
Minas International Travels and Cargoes Ltd	33,708	20,471	152,299	93,326
	<u><b>2,309,008</b></u>	<u><b>2,078,130</b></u>	<u><b>3,010,964</b></u>	<u><b>1,074,038</b></u>
<b>During the year, the Company traded with related parties on terms similar to such transactions entered into with third parties</b>				
<b>35 Pension Fund Administrators</b>				
In respect of the pension fund scheme, the company uses the following pension fund administrators				
fund administrators:				
1. Stanbic IBTC Pensions Limited				
2. AllCO Pensions Limited				
3. Leadway Pensure Limited				
4. ARM Pension Limited				
5. FUG Pensions Limited				
<b>36. EVENTS AFTER THE REPORTING PERIOD</b>				
There were no events after the reporting period that could have had a material effect on the financial statements of the company that had not been adequately provided for or disclosed in the financial statements				

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General Information

Med-View Airline Plc. is a Public Liability Company incorporated in Nigeria. The registered address of the company and its principal activities are disclosed in the 'Reporting Entity' page.

### 2. Application of new and revised International Financial Reporting Standards (IFRSs)

#### 2a. New and revised IFRS that are mandatorily effective for the year ended December 31, 2018

In the current year, the company applied some of the new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 2018. However, there was no material impact on the amounts reported in the disclosures.

#### IFRS 9 – Financial Instruments (Recognition and measurements)

This version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39. The impact of the amendment is to be made the profit or loss and comprehensive income has been included in the disclosures. There were no transactions relating to this standard as the year ended December 31, 2018.

#### IAS 40– Investment Property-Transfers)

Paragraph 57 of IAS 40 on Investment Property has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. As at the year ended December 31, 2018, there was no transfer from Investment property.

#### 2b. New and revised IFRS that are not mandatorily effective (but allow early application) the year ended 31 December, 2018

The company has not applied any of the new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are not mandatorily effective for an accounting period that begins on or after January 2018, (but allow early application). Hence, no impact on the amounts reported in the disclosures.

- Amendments to IFRS 16(Leases)- Effective date January 1, 2019.

### **3. RISK MANAGEMENT**

#### **3.1 Introduction**

As an “Air Transport Operator”, risk management is central to the company’s strategic management.

Risk Management is the process whereby the company methodically addresses the risks attaching to its activities with the goal of achieving sustained benefit within each activity and across the portfolio of all activities. In view of this, the objective of the company’s risk management process is the identification and treatment of these risks with the objective of adding maximum sustainable value to all its activities so as to give value to its clients.

The Board of Directors acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

#### **3.2 Significant risks**

The Company has exposure to significant risks which are categorized as follows:

- Aircraft Crash Risk.
- Regulatory risk (capital adequacy, air transport licensing, legal, taxation and financial reporting);
- Business environment (reputation and strategic);
- Operational risk (people, information technology and internal control processes);
- Market risk (equity prices, interest rate and currency);
- Credit risk;
- Liquidity risk; and
- Cash flow risk.

#### **3.3 Detailed Disclosure of Significant Risks**

##### **3.3.1 Aircraft Crash Risk**

This is the risk that the aircraft might not be able to land safely. Aircraft crash sometimes occur in Nigeria like any other country of the world. This is usually caused by mechanical problems developing in the course of the flight. The weather condition and changes thereafter may also account for the problem.

Based on the experience of the management, the following steps are taken to forestall crashes.

- Adequate training of all crew members. All pilots attend trainings based on the internationally laid down frequencies.

- The clearance is always obtained for the regulatory agencies at the airport before boarding.
- Adequate maintenance of the aircraft is not negotiated by the management.
- Fueling of the aircraft is ensured always.
- The safety department is adequately equipped and precautionary measures are taken on all recommendations.
- The pilots are encouraged to decide on emergency landing as soon as the situation demands.
- Every staff member is safety conscious and are advised to report any damage noticed immediately.

So far, the company has not recorded any crash since commencement of business.

### **3.3.2 Regulatory Risk**

Regulatory risk is the risk arising from a change in regulations in any legal, taxation and accounting pronouncements or specific aviation industry regulations that pertain to the business of the company. The risk types include capital adequacy, air transport licensing, compliance, legal, taxation and financial reporting.

To manage this risk, the company is an active participant in the aviation industry and preferred bodies, such as International Civil Aviation Organization (ICAO) that deals with all member-states civil aviation, International Air Transport Association (IATA) and IATA-Billing Settlement Plan (BSP) and also engages in discussions with policy makers and regulators. Furthermore, the company ensures compliance with authorized capital requirements within the aviation industry, Federal and state tax laws, and financial reporting standards.

Details of each regulatory risk type and how they are being managed are as shown below:

#### **3.3.2.1 Regulatory capital risk**

Regulatory capital risk is the risk that the company does not have sufficient capital to meet either minimum regulatory or internal amounts.

The Nigerian Civil Aviation Authority (NCAA) sets and monitors capital requirements for the airline to protect its clients and counter-parties. As a result, the company is required to maintain prescribed minimum capital requirements of five hundred million Naira (~~₦~~500m) for its domestic operations, one billion Naira (~~₦~~1b) for its regional operations, and two billion Naira (~~₦~~2b) for its intercontinental operations. Therefore, the company's objectives in managing its capital are:

- To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for other stakeholders; and
- To provide adequate returns to the shareholders commensurately with the level of risk.

The table below summarizes the minimum required capital and the actual capital held:

	2018	2017
	K'000	K'000
Regulatory minimum capital requirements for domestic/regional/international operations	<u>2,000,000</u>	<u>2,000,000</u>
Actual qualifying authorized capital and fully allotted	6,000,000	6,000,000
Issued and fully paid capital	4,875,325	4,875,325
Actual capital ratio (times)	2.44:1	2.44:1

### 3.3.2.2 Accounting classification and fair value of financial assets and liabilities

The table below sets out the carrying amounts and fair values of the Company's financial assets and financial liabilities:

	2018	2017
	N'000	N'000
<b>Financial Assets</b>		
At amortization cost		
Cash and Bank Balances	(141,693)	3,171,288
Trade and other Receivables	2,347,982	3,074,820
	<u>2,206,289</u>	<u>7,020,838</u>
<b>Financial Liabilities</b>		
At amortization cost		
Trade and other Payables	21,377,816	10,880,955
Short term Borrowings	1,277,855	452,021
	<u>22,655,671</u>	<u>11,332,976</u>

### 3.3.2.3 CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of debt and equality balance. The Company's overall strategy remains unchanged from prior year.

The capital structure of the Company consists of debt, which includes the borrowing disclosure in note 26, cash and cash equivalent and equity attributable to equity holders, comprising issued capital, reserved and retained in the statement of Changes in Equity.

The Company is not subject to any externally imposed capital requirements.

### Gearing Ratio

The gearing ratio is as follows:

	<b>2018</b> <b>N'000</b>	<b>2017</b> <b>N'000</b>
Debt	1,756,608	1,274,437
Cash and Cash Equivalent	(141,693)	(2,928,125)
<b>Net Debt/ (Cash)</b>	<b><u>1,614,915</u></b>	<b><u>(1,653,688)</u></b>
<b>Equity</b>	<b><u>(3,263,703)</u></b>	<b><u>7,385,949</u></b>
<b>Excess/Deficiency of Debt to Equity</b>	<b><u>1,648,788</u></b>	<b><u>5,732,261</u></b>

#### 3.3.2.4 Air transport licensing

The Nigerian Civil Aviation Authority (NCAA) prescribes the types of licenses, permits and any other authorization for scheduled and non-scheduled flight operations and requirements for the maintenance of the licenses and permits. In essence, any license not used shall be revoked at the point of renewal.

In order to manage this risk, Med-View Airline Plc. diversified its operations to ensure that at every point in time, each of the licenses and permits currently obtained by the company is in use.

#### 3.3.2.5 Compliance risk

Compliance risk is the risk of legal sanctions involving material losses, financial losses or reputational loss that the airline may suffer as a result of its failure to comply with local & international laws, industry-specific regulations, code of conduct and best/good practice.

The Board of Directors of the airline is conscious that the aviation industry is highly regulated and that the impact of non-compliance with National & International laws on civil

aviation or IATA Operational Safety Audit (IOSA) recommendations could lead to heavy penalties and above all, loss of reputation. Therefore, the company's policy is zero-tolerance for default in compliance with regulatory requirements in all its ramifications.

### 3.3.2.6 Legal risk

Legal risk is the risk that the company will be exposed to contractual obligations which have not been provided for. The Company has a policy of ensuring that all contractual obligations are documented and appropriately evidenced to agreements with the relevant parties to the contract.

All significant contracted claims are reviewed by independent legal resources and amounts are provided for, if there is consensus as to any possible exposure.

At 31 December, 2018, the Directors are not aware of any significant obligation not provided for.

### 3.3.2.7 Taxation risk

Taxation risk is the risk of loss arising as a result of an incorrect interpretation and application of tax laws or due to the impact of new tax legislation on existing products of the company. The risk category consists of the following risk types:

- Transactional risk;
- Operational risk;
- Compliance risk; and
- Accounting risk.

#### Transactional risk

Transactional risk is the risk of loss that could arise from non-compliance with transaction-based taxes like Value Added Tax (VAT), Withholding Tax (WHT), Capital Gains Tax (CGT) and Stamp Duty. This risk manifests itself through the payment of penalties and interest on non-remittance of the taxes charged to the Federal Inland Revenue Service (FIRS). To manage this risk, the company ensures that the relevant taxes are remitted before the due dates.

#### Operational risk

This is the risk of loss that could arise as a result of not considering the effect of tax implications on the strategic and short-term management decisions of the company.

To manage this risk, the tax implications of every decision being made by the Board of Directors and or management must be considered before the approval of the Board or Board resolution is passed.

**Compliance risk**

This is the risk of non-compliance with the requirements of the Company Income Tax Act (CITA) and Education Tax Act (ETA).

The probability of this risk is very low as the company ensures that immediately at the end of annual financial audits, the computed tax due is filed with the Federal Inland Revenue Service.

**Accounting risk**

Accounting risk is the risk of inadequate provisioning for income taxes in the financial statements of the company that could result into additional assessments by the Federal Inland Revenue Service and by implication, more taxes and wastage of internal resources.

Therefore, to manage this risk, the company ensures that:

- All taxes due by the company are correctly identified, calculated, paid and accounted for in accordance with relevant tax legislations;
- The company continually reviews its existing operations and planned operations in this context; and
- The company ensures that, where clients participate in company products, these clients are either aware of the probable tax consequences, or are advised to consult with independent professionals to assess these consequences, or both.

The identification and management of tax risk is the primary objective of the company's tax function, and this objective covers the specific requirements of each category of tax to which the company is exposed, in the context of the various types of activities that the company conducts.

**3.3.2.8 Financial reporting risk**

Financial reporting risk is the risk of loss that could arise as a result of material misstatements and/or errors in the company's financial statements; due to inadequate internal controls, and incomplete documentation.

The Board of Directors' strategy to mitigate this risk is by the use of effective and reliable accounting systems, accounting policies as well as the establishment of proper internal accounting controls to ensure that its financial statements are prepared in a transparent manner that fully discloses all important and relevant matters as well as accurately reflecting the financial position, results and cash flows of the company.

**3.3.3 Business environment**

### **3.3.3.1 Reputational risk**

Reputational risk is the risk of loss that could arise as a result of decline in the reputation of the company or any of its specific business units from the perspective of its stakeholders (i.e. its shareholders, customers, staff, business/technical partners or the general public).

This risk could arise as a result of the impact of delays in flight departures, conduct of flight crew or safety issues.

In order to manage this risk, the Board of Directors considers the reputation of the company very seriously and therefore established a policy of 'prompt closure of check-in counters' at all airports to ensure the airline's flights depart on schedule for all its operations. Furthermore, the culture of 'Safety-First' approach was developed and ingrained into the corporate DNA of the airline staff. In addition, the company conducts periodic self-assessment through its robust customer-feedback program, spot checks and mystery shopping and employs the firms of Messrs. Rawtex Media, Rengo Media and OBUKE, who are aviation industry media experts as Press Consultants to dictate its media climate.

### **3.3.3.2 Strategic risk**

Strategic risk is the risk of an unexpected negative change in the company's value, arising from the adverse effect of executive decisions on both business strategies and their implementation. This risk is a function of the compatibility between strategic goals, the business strategies developed and resources deployed to achieve those goals. It also includes the ability of management to effectively analyze and react to external factors, which could impact the future direction of the relevant business units.

The company's risk management function identifies and assesses both these risks qualitatively and quantitatively as part of a quarterly evaluation and on the basis of the evaluation, creates an overview of local and global risks in tandem with the risk profile of the company. It thereafter analyzes the risks and proffer suitable and relevant mitigation strategy.

### **3.3.4 Operational risk**

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. To manage this risk, the initiation of all transactions and their administration are conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions.

These controls are augmented by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning. The internal control systems and procedures are also subjected to regular internal audit reviews.

### 3.3.5 Market risk

Market risk is the risk of losses due to factors that negatively impact the overall performance of the financial market. It includes asset-liability mismatching risk, currency risk, interest rate risk and equity price risk.

Med-View Airline Nigeria Plc.is highly exposed to market risk through its financial instruments. This risk is therefore periodically assessed by means of a number of stress tests that are designed to examine the elements that comprised market risk.

Details of each element of the market risk and how they are being managed are as shown below:

#### **Asset - liability mismatching risk**

Asset-liability mismatch occurs when the financial terms of the company's assets and liabilities do not correspond. The mismatch has the high probability of resulting into liquidity risk to the company as its assets are relatively liquid with listed equities and cash being easily realizable. Therefore, to manage this risk, the liquidity requirements and cash resources of the company are reviewed on a monthly basis.

#### **Currency risk (Foreign Exchange)**

This is the potential for financial loss from currency conversions and exchange rate fluctuations as the company's operations occur mainly in US Dollars, Saudi Riyadh, Euro, and British Pounds Sterling. This risk has a high propensity to hamper the airline to operate smoothly and/or tip the scale of its operations to profitable situation or one of a loss. It arises as a result of purchasing aviation fuel and collection of fares, which are negotiated in various countries.

The risk is mitigated through cross currency matching of revenues to cost while minimizing currency conversions by applying foreign currency earnings to foreign currency costs and local currency earnings to local currency costs.

Furthermore, the company's aircraft lease payments which are based mainly in foreign currency are done via Central Bank official markets to minimize costs.

To the extent that mild fluctuations in fuel price cannot be passed on to passengers, the company consolidates its fuel purchase to few marketers to effectively increase its bargaining power based on volume. It also ensures minimum of 3 active-fuel marketers in order to mitigate key-supplier risk (the risk of non-performance by a supplier preventing the company from meeting its obligations).

#### **Interest rate risk**

Interest rate risk is the risk that the value and cash flow of a financial instrument will fall or rise due to changes in interest rates. It is also the likelihood of financial loss arising from increased borrowing costs under the consideration that the company's business is characterized by low margins.

Therefore to minimize cost, the company engages mainly in borrowing at the much lower US Dollar rates and also employs contingent liabilities at flat rates of 0.5% to 1%. Its credit exposure is structured and adjusted regularly to ensure minimum 70-20-10 ratios of contingent, Dollar and Naira credit exposures respectively. The airline also consolidated most of its borrowings with one Bank - First Bank of Nigeria Plc. in order to increase its bargaining power.

Consequently, the following financial assets and liabilities which are held at fair value will be directly impacted by changes in interest rates.

Account receivables and account payables where settlement is expected within 90 days are not included in the analysis below, since the effect of interest rate risk on these balances is not considered material given the short-term duration of the underlying cash flows.

The majority of financial instruments subject to interest rate risk are allocated to match liabilities.

### **Equity price risk**

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Investments in all equities and mutual funds are valued at fair value and are therefore susceptible to market fluctuations

The revenues and profit generation of the company are linked to the value of assets under its management. Therefore, movements in equity markets, interest rates and foreign exchange rates that adversely affect the values of assets under management will impact the company's revenues and reported profits. Nevertheless, the company manages this risk through its structured investment process.

### **3.3.6 Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a loss to the other party by failing to discharge an obligation. Key areas where the company is exposed to credit risk are:

- Short-term deposits; and
- Trade and other receivables

#### **Short-term deposits**

In order to invest surplus shareholder funds, the airline maintains fixed deposit accounts with some banks on short-term basis. As a result, it is exposed to the relevant bank's credit standing on the term deposits. To manage this risk, exposure to outside financial institutions is being monitored in accordance with parameters which have been approved by the company's Board of Directors.

### **Trade & Other receivables**

The management ensures that the receivables conversion cycle is minimized to mitigate the risk of loss as a result of default of other parties in fulfilling their obligations.

### **3.3.7 Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in raising sufficient funds that could ensure safe and sustainable services. To mitigate this risk, the airline ensures monthly compliance with the requirements of the Nigerian Civil Aviation Act, on 'Airline Financial Health'. This requirements mandate every airline to submit all their financial data and records on their operations to the Nigerian Civil Aviation Authority (NCAA) on monthly basis in the form and manner as may be prescribed by the authority.

### **3.3.8 Cash flow risk**

Cash flow risk is defined as the likelihood that incoming and outgoing cash flow may be mismatched and therefore prevent the company from achieving its business objectives or optimizing the use of its resources. Financial transactions in the industry tend to be of a much longer term nature than in many other lines of business. Consequently, having a sound cash management policy is one of the company's prime issues of concern.

To enable the company to most effectively manage its medium-and-long-term liquidity and financial risks, monthly cash flow projections are made and updated each month to reflect current realities. The results of the cash flow projections are then used as a basis for investment and financing decisions. Each month's actual performance figures are also compared and contrasted with the projections, and the results analyzed.

Furthermore, the company entered into supplier-financing agreements with major suppliers such as Forte Oil, Cleanser, Oando, Things Remembered etc, to ensure that a minimum of forty million naira (₦40m) cash is available daily to meet likely obligations. The company has also taken to paying suppliers on only 2 days of the week – Wednesdays and Fridays to allow cash build-up and adequate planning. As at 31 December 2018, the maturity profile of the company's financial liabilities are as shown in the table below:

### **Maturity Profiles of the Company's Financial Liabilities at December 31, 2018**

The table below summarizes the maturity profile of the financial liabilities of the company based on undiscounted contractual obligations:

<b>2018</b>	<b>0-3 months</b>	<b>3-12 months</b>	<b>Statement of financial position</b>
	<b>₦'000</b>	<b>₦'000</b>	<b>Carrying Value</b>
			<b>₦'000</b>
Short-term borrowings		1,277,855	1,277,855
Trade payables		14,386,798	14,386,798
Accruals	1,479,476	1,906,130	3,385,606
Other payables		1,073,113	1,073,113
Long-term borrowings		478,753	478,753
	-----	-----	-----
	<b>1,479,476</b>	<b>19,122,649</b>	<b>20,602,125</b>
	=====	=====	=====

2017	0-3 months	3-12 months	Statement of financial position
	₹'000	₹'000	Carrying Value ₹'000
Short-term borrowings		452,021	452,021
Trade payables		6,912,048	6,912,048
Accruals	728,221	2,184,664	2,912,885
Other payables		735,090	735,090
Long-term borrowings		822,416	822,416
	----- <b>728,221</b> =====	----- <b>11,106,239</b> =====	----- <b>11,834,460</b> =====

#### 4. Sensitivities

Management applies a number of sensitivity tests to the earnings of the company to better understand the exposure to and importance of each of the main drivers of its profitability.

The main drivers of the company's profitability are lease rentals, aviation fuel and statutory charges.

IFRS 7 requires the management of Med-View Airline Plc. to report on the changes in the profit after tax following "reasonable possible" changes in each of the factors to which the company is exposed. Therefore, the management has set the upside and downside movements for each factor at a level which represents the amount by which management believes that factor could reasonably change over the year following the valuation date.

These opinions have been informed by an analysis of historical one year changes in those factors. The upper and lower limits have been set at the 75<sup>th</sup> and 25<sup>th</sup> percentiles of observed changes as these bound an interval which may be expected to contain 50% of the changes in the coming year.

Management believes this represents in some sense what is "reasonably possible", though it is important to note that this opinion is based on past experience and the tested range is not sensitive to all of the relevant information in the market at the reporting date.

Management has considered the impact of upside and downside movements in foreign exchange rates in relation to these sensitivities to be as follows:

- The earnings are sensitive to changes in both the shape and level of the yield curve. Management has not considered changes in the shape of the yield curve due to several constraints although this may be reviewed in the following year;
- The foreign exchange movements have been considered together in the same sensitivity. Observed historic negative correlations between factors would tend to dampen the effects presented.

These correlations are not very large and they have not been adjusted for. This treatment has resulted in the presentation of a slightly more extreme view of what could reasonably occur over the following year. Future rates of expense inflation, catastrophes and tax assumptions were considered but no sensitivities are presented as it is unlikely, in management's opinion that, these assumptions will change over the following year.

It should therefore be noted that the impact of the drivers on the profit after tax is very high resulting into a minimal profit after tax despite the large turnover made by the company.

# **NON – IFRS FINANCIAL STATEMENTS**

MED-VIEW AIRLINE PLC  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR YEAR ENDED DECEMBER 31, 2018

<b>STATEMENT OF VALUE ADDED</b>				
	<b>2018</b>	<b>%</b>	<b>2017</b>	<b>%</b>
	<b>N'000</b>		<b>N'000</b>	
Revenue	9,562,197		36,961,732	
Other Operating Income	40,385		7,439	
	<u>9,602,581</u>		<u>36,969,171</u>	
Bought in materials and services	(17,672,890)		(32,392,379)	
Value Added	<u><b>(8,070,309)</b></u>	<u><b>100</b></u>	<u><b>4,576,792</b></u>	<u><b>100</b></u>
<b>Applied as follows:</b>				
<b>To pay employees</b>				
Salaries, wages, pension and benefits	1,312,706	(16.27)	2,086,420	45.6
<b>To pay providers of capital</b>				
Finance costs	192,732	(2.39)	227,101	5.0
<b>To pay government</b>				
Taxation	24,161	(0.30)	252,197	5.5
<b>To provide for replacement and development</b>				
Depreciation	757,226	(9.38)	757,082	16.5
Retained Profit for the year	(10,357,133)	128.34	1,253,991	27.4
	<u><b>(8,070,309)</b></u>	<u><b>100</b></u>	<u><b>4,576,792</b></u>	<u><b>100.0</b></u>
<b>Value added represents the additional wealth which the company had been able to create by its own, and its employees' efforts. This statement shows the allocation of that wealth among the employees, government, providers of finance and that retained for the future creation of more wealth.</b>				

MED-VIEW AIRLINE PLC  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR YEAR ENDED DECEMBER 31, 2018

<b>FIVE YEAR FINANCIAL SUMMARY</b>						
<b>Statement of Financial Position</b>						
<b>ASSETS</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	
	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Non-current assets	15,427,079	12,326,917	11,680,065	8,861,770	5,385,770	
Current assets	2,314,839	7,271,221	3,753,271	3,727,354	4,569,692	
<b>Total Assets</b>	<b>17,741,918</b>	<b>19,598,138</b>	<b>15,433,336</b>	<b>12,589,124</b>	<b>9,955,462</b>	
<b>Equity and liabilities</b>						
<b>Equity</b>						
Issued share capital	4,875,325	4,875,325	4,875,325	3,900,000	2,000,000	
Capital Reserve	0	0	0	309,971	309,971	
Retained earnings	(8,139,028)	2,510,624	1,549,152	762,983	1,930,962	
<b>Total equity</b>	<b>(3,263,703)</b>	<b>7,385,949</b>	<b>6,424,477</b>	<b>4,972,954</b>	<b>4,240,933</b>	
Non current liabilities	550,942	892,996	322,434	876,793	2,322,585	
Current liabilities	20,454,680	11,319,192	8,686,425	6,739,377	3,391,944	
	21,005,622	12,212,189	9,008,859	7,616,170	5,714,529	
<b>Total equity and liabilities</b>	<b>17,741,919</b>	<b>19,598,138</b>	<b>15,433,336</b>	<b>12,589,124</b>	<b>9,955,462</b>	
<b>Statement of Comprehensive Income</b>						
Revenue	9,562,197	36,961,732	26,039,485	14,162,204	10,518,595	
Profit before tax	(10,331,365)	1,506,189	813,612	913,458	306,354	
Profit after tax	(10,357,133)	1,253,991	746,430	811,066	244,810	
Basic Earnings Per Share	(106.22)	12.86	7.66	10.40	6.12	
Adjusted Earnings Per Share	(106.22)	12.86	7.66	8.32	6.12	