

SKYWAY AVIATION HANDLING COMPANY PLC
(RC:813022)

UNAUDITED
INTERIM FINANCIAL STATEMENTS
FOR THE 9 MONTHS ENDED
30 SEPTEMBER 2021

SKYWAY AVIATION HANDLING COMPANY PLC

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SKYWAY AVIATION HANDLING COMPANY PLC

CORPORATE INFORMATION

REGISTERED NUMBER: RC:813022

TAX IDENTIFICATION NUMBER: 04683753-0001

DIRECTORS:

Barrister (Dr.) Taiwo Afolabi	Chairman
Barrister Chike Ogeah	Vice Chairman
Mr. Basil Agboarumi	Managing Director
Mr. Babatunde Afolabi	Executive Director
Mr. Olaniyi Adigun	Executive Director
Mrs. Boma Ukwunna	Executive Director
Mr. Olutoye Ariyo	Non Executive Director
Dr. Oluropo Owolabi	Non Executive Director
Barrister Oladipo Kayode Filani	Non Executive Director
Captain Shehu Iyal	Non Executive Director
Mr. Anogwi Anyanwu	Independent Director

PRINCIPAL OFFICERS:

Basil Agboarumi	Managing Director/CEO
Olaniyi Adigun	Executive Director -Sales and Marketing
Boma Ukwunna	Executive Director - Cargo Services
Babatunde Afolabi	Executive Director IT and Business Development
James Oriowo	AGM- Engineering and Maintenance
Olugbenga Okeowo	AGM- Operations
Olajide Kafidipe	AGM- Cargo Services
Hamzat Bola Olaniyan	AGM- Billing
Yinka Afolabi Ogungbemi	AGM- Admin Services an Project
Omolara Bello	AGM- Legal/ Company Secretary
Taiwo Olayemi Mogaji	AGM- Internal Audit
Rotimi Omotoso	Chief Finance Officer
Folorunso Elegbede	AGM - Human Resources
Christie Oseghale	AGM -Safety and Quality Assurance
Adebowale Okunlola	Head -Security
Ayodele Taoheed Sanusi	Head -Procurement

**REGISTERED OFFICE/
OPERATIONAL OFFICE ADDRESS:** 54 Warehouse Road, Apapa, Lagos
Skyway Aviation Handling Company Plc. Complex,
Cargo Terminal,
Murtala Muhammed International Airport,
Ikeja,
Lagos.

COMPANY SECRETARY: Omolara Bello
Skyway Aviation Handling Company Plc. Complex,
Cargo Terminal,
Murtala Muhammed International Airport,
Ikeja,
Lagos State..

SKYWAY AVIATION HANDLING COMPANY PLC

CORPORATE INFORMATION (CONT'D)

PRINCIPAL BANKERS:

Access Bank Plc.
Eco bank Nigeria Limited
Fidelity Bank Plc.
First Bank of Nigeria Limited
First City Monument Bank Plc.
Guaranty Trust Bank Plc.
Keystone Bank Limited.
Polaris Bank Ltd
Stanbic IBTC Bank Plc.
Sterling Bank Plc.
Union Bank of Nigeria Plc.
United Bank for Africa Plc.
Zenith Bank Plc.

SOLICITORS

Sceptre Law
2c Idowu Olaitan Street,
Gbagada Expressway,
Gbagada Phase II,
Lagos.

H.A. Olaniyan and Co.
2nd Floor Rear Block,
208 Ikorodu Road,
Palmgrove,
Lagos.

REGISTRARS:

First Registrars and Investors Services Limited
2 Abebe Village Road, Iganmu
Postal 12242
Lagos State.

SKYWAY AVIATION HANDLING COMPANY PLC

DIRECTORS' CERTIFICATION REPORT FOR THE 9 MONTHS ENDED 30 SEPT., 2021

We have reviewed the condensed financial statements of Skyway Aviation Handling Company Plc for the period ended 30 Sept., 2021

Based on our knowledge, these condensed financial statements do not;

- (a) Contain any untrue statement or a material fact or;
- (b) Omit to state material fact, which would make the statement misleading in the light of the circumstance under which such statements were made
- (c) The condensed financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for the periods presented in the condensed financial statements

The Directors are responsible for establishing and maintaining internal controls;

we have;

i designed such internal controls to ensure that material information relating to the Company is made known to us by others within the Company, particularly during the period in which this report is being prepared;

ii continuously evaluated the effectiveness of the Company's internal controls on a quarterly basis;



.....
Barr. (Dr.) Taiwo Afolabi
Chairman
FRC/2015/NBA/00000013106
Date: ...27th October, 2021



.....
Mr. Rotimi Omotoso
Chief Financial Officer
FRC/2016/ICAN/00000014593
Date: ...27th October, 2021



.....
Mr. Agboarumi Basil
Managing Director/CEO
FRC/2019/IODN/00000019784
Date: ...27th October, 2021

SKYWAY AVIATION HANDLING COMPANY PLC

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 9 MONTHS ENDED 30 SEPT., 2021

	NOTE	Unaudited 3 Months Ended		Unaudited 9 Months Ended		Audited
		30 Sept. 2021	30 Sept. 2020	30 Sept. 2021	30 Sept. 2020	Year Ended 31 Dec., 2020
				₦'000	₦'000	₦'000
Revenue	3	2,269,701	1,862,614	6,423,637	4,955,544	6,981,592
Direct cost	4	(1,165,724)	(924,231)	(3,483,816)	(2,797,881)	(3,952,899)
Gross profit		1,103,977	938,383	2,939,821	2,157,663	3,028,693
Other operating income	5	9,864	9,787	45,750	15,233	104,577
Administration expenses	6	(872,487)	(578,788)	(2,275,580)	(1,686,921)	(2,577,275)
Profit from operation		241,355	369,382	709,991	485,975	555,995
Finance Income	7	6,269	42,915	107,932	78,775	194,428
Finance expense	7	(7,496)	(5,800)	(22,833)	(14,761)	(183,758)
Operating profit/(loss) before taxation		240,128	406,497	795,090	549,989	566,665
Tax expense	27	(72,038)	(77,032)	(252,534)	(231,095)	(84,288)
Profit for the period		168,090	329,466	542,556	318,894	482,377
Other comprehensive income						
Item that will not be reclassified to profit or loss						
(Reversal)/recognition of actuarial loss on defined benefit obligation		-	-	-	-	(148,788)
Recognition of related tax on defined benefit obligation		-	-	-	-	63,949
Other comprehensive income for the period, net of tax		-	-	-	-	(84,839)
Total comprehensive income for the period		168,090	329,466	542,556	318,894	397,538
Earnings/(Loss) per share						
Basic earnings/(loss) - kobo	25	<u>12.42</u>	<u>24.34</u>	<u>40</u>	<u>24</u>	<u>36</u>
Diluted earnings/(loss) - kobo	25	<u>12.42</u>	<u>24.34</u>	<u>40</u>	<u>24</u>	<u>36</u>


The accompanying notes form an integral part of these condensed financial statements.


SKYWAY AVIATION HANDLING COMPANY PLC

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT,

		Unaudited 30 Sept. 2021 N'000	Unaudited 30 Sept. 2020 N'000	Audited 31 Dec., 2020 N'000
NON-CURRENT ASSETS				
Property, plant and equipment	9	13,260,444	13,483,636	13,251,459
Investment properties	10	717,919	381,412	383,621
Intangible assets	11	4,067,205	4,058,388	4,065,906
Deferred tax assets	28	523,961	238,004	523,961
		<u>18,569,529</u>	<u>18,161,441</u>	<u>18,224,947</u>
CURRENT ASSETS				
Inventories	12	227,119	252,931	177,411
Trade and other receivables	13	3,033,008	2,837,811	3,008,415
Cash and cash equivalent	14	2,154,860	1,892,396	2,215,414
		<u>5,414,987</u>	<u>4,983,138</u>	<u>5,401,240</u>
TOTAL ASSETS		<u>23,984,516</u>	<u>23,144,579</u>	<u>23,626,187</u>
EQUITY				
Share capital	19	676,790	676,790	676,790
Share premium	24	4,784,010	4,784,010	4,784,010
Retained earnings	21	4,884,274	4,586,165	4,565,058
Actuarial valuation reserve	23	84,484	169,323	84,484
Revaluation reserve	22	9,088,895	9,088,895	9,088,895
		<u>19,518,453</u>	<u>19,305,183</u>	<u>19,199,237</u>
NON-CURRENT LIABILITIES				
Long term borrowings	16	-	308,350	270,890
Deferred income	26	40,537	26,493	28,875
Defined Benefit Obligations	20	1,515,959	1,149,654	1,374,699
		<u>1,556,496</u>	<u>1,484,497</u>	<u>1,674,464</u>
CURRENT LIABILITIES				
Trade payable and other payables	15	2,099,826	1,926,380	2,353,662
Short term borrowings	16	233,892	-	15,931
Deferred income	26	84,055	35,273	83,055
Current income tax liabilities	27	491,795	393,247	299,838
		<u>2,909,568</u>	<u>2,354,900</u>	<u>2,752,486</u>
TOTAL EQUITY AND LIABILITIES		<u>23,984,516</u>	<u>23,144,579</u>	<u>23,626,187</u>

The condensed financial statements were approved by the Board of Directors on 27th October, 2021 and signed on its behalf by:


 Barr. (Dr.) Taiwo Afolabi, MON
 Chairman
 FRC/2015/NBA/00000013106


 Mr. Agboarumi Basil
 Managing Director/CEO
 FRC/2019/IODN/00000019784


 Mr. Rotimi Omoso
 Chief Financial Officer
 FRC/2016/ICAN/00000014593

The accompanying notes form an integral part of these condensed financial statements.

SKYWAY AVIATION HANDLING COMPANY PLC

STATEMENT OF CHANGES IN EQUITY FOR THE 9 MONTHS ENDED 30 SEPT., 2021

	SHARE CAPITAL N'000	SHARE PREMIUM N'000	RETAINED EARNINGS N'000	ACTUARIAL VALUATION RESERVE N'001	REVALUATION RESERVE N'000	TOTAL EQUITY N'000
NOTE						
Balance at 1 January 2020	676,790	4,784,010	4,306,022	169,323	9,088,895	19,025,040
Total Comprehensive Income for the period						
Profit for the period	-	-	482,377	-	-	482,377
Dividend Paid	-	-	-	-	-	-
Other comprehensive loss for the period	-	-	-	(84,839)	-	(84,839)
Total Comprehensive Income for the period	-	-	482,377	(84,839)	-	397,538
Transactions with owners recorded directly in equity						
Dividend Paid	-	-	(223,341)	-	-	(223,341)
Balance at 31 December 2020	676,790	4,784,010	4,565,058	84,484	9,088,895	19,199,237
Balance at 1 January 2021	676,790	4,784,010	4,565,058	84,484	9,088,895	19,199,237
Total Comprehensive Income for the period						
Profit for the period	-	-	542,556	-	-	542,556
Dividend Paid	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-
Total Comprehensive Income for the period	-	-	542,556	-	-	542,556
Transactions with owners recorded directly in equity						
Dividend Paid	-	-	(223,341)	-	-	(223,341)
Balance at 30 Sept., 2021	676,790	4,784,010	4,884,274	84,484	9,088,895	19,518,453

The accompanying notes form an integral part of these condensed financial statements.

SKYWAY AVIATION HANDLING COMPANY PLC

CONDENSED STATEMENT OF CASH FLOWS FOR THE 9 MONTHS ENDED 30 SEPT., 2021

		Unaudited 9 Months Ended 30 Sept. 2021 N'000	Unaudited 9 Months Ended 30 Sept. 2020 N'000	Audited Year Ended 31 Dec., 2020 N'000
Cash flows from operating activities:				
Profit for the period		795,090	549,989	566,665
Adjustments for net income to net cash provided by operating activities				
Finance Expenses	7	22,833	14,761	183,758
Allowance for impairment on Receivables		-	-	303,977
Provision for Employee benefit	20	207,274	139,597	79,117
Investment Property- Depreciation	10	15,829	9,115	12,206
Intangible Asset- Amortisation		1,201	183	247
Property Plant & Equipment-Depreciation	9	1,369,419	1,389,279	1,838,511
		2,411,646	2,102,924	2,984,482
Changes in working capital				
Increase in trade and other receivables		(24,593)	(264,069)	(738,650)
Increase in inventories		(49,707)	(23,364)	52,155
Decrease in trade and other payables		(253,838)	(426,655)	(183,965)
Increase in deferred income		12,662	409	50,574
Cash generated from operations		2,096,170	1,389,245	2,164,597
Tax paid	27	(60,577)	(210,512)	(379,121)
Payment made by the employer on the Employee Benefit	20	(66,014)	(40,236)	(61,042)
Finance expenses paid		(22,833)	(14,761)	(26,214)
Net cash inflow from operating activities		1,946,747	1,123,736	1,698,220
Cash flows from investing activities				
Purchase of property, plant and equipment	9	(1,378,404)	(656,587)	(873,643)
Investment Properties	10	(350,127)	(98,779)	(104,079)
Purchase of Intangible asset	11	(2,500)	(220)	(7,802)
Net cash outflow used in investing activities		(1,731,031)	(755,586)	(985,524)
Financing Activities:				
Dividend		(223,341)	(223,341)	(223,341)
Loan Received		-	319,041	319,041
Repayment of borrowings	16	(52,929)	(163,283)	(184,813)
Net cash inflow used in financing activities		(276,270)	(67,582)	(89,112)
Net increase/ (decrease) in cash and cash equivalents		(60,554)	300,568	623,585
Cash and cash equivalents at the beginning		2,215,414	1,591,828	1,591,829
Cash and cash equivalents at 31 December	14	2,154,860	1,892,396	2,215,414

SKYWAY AVIATION HANDLING COMPANY PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE 9 MONTHS ENDED 30 SEPT., 2021

1 General Information

The principal activities of the Company include provision of services including aircraft/ramp handling, cargo handling, passenger handling, premium lounge, aviation security and baggage reconciliation.

On 3rd of December 2009, SIFAX Shipping Limited and Global Apex Logistic Limited through Skyway Aviation Handling Company Limited acquired 100% interest of the Federal Government in Skypower Aviation Handling Company Limited due to the privatisation of the company.

In 2018, SAHCOL undertook a business combination with Skypower wherein both companies were consolidated with SAHCOL as the surviving entity.

Skyway Aviation Handling Company Limited became a Public Limited Company on 5th October, 2018.

The Corporate Headquarters is located at Skyway Aviation Handling Company Plc. Complex, Cargo Terminal, Murtala Muhammed International Airport, Ikeja, Lagos State, Nigeria.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these condensed financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Statement of Compliance

The condensed financial statements for the period ended 30 Sept., 2021 have been prepared in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together "IFRS") and requirements of the Companies and Allied Matters Act (CAMA) of Nigeria and the Financial Reporting Council (FRC) Act of Nigeria.

Skyway Aviation Handling Company Limited has consistently applied the same accounting policies and methods of computation in its financial statements as in its 2020 financial statements.

None of the new standards, interpretations and amendments, effective for the first time from 1st January 2021, have had a material effect on the financial statements.

2.2 Basis of preparation

These condensed accounts do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2020 Financial Statements.

The financial statements have been prepared under the historical cost convention except for some financial assets and liabilities measured at fair value and amortised cost; inventory at net realisable value; and the liability for defined benefit obligations is recognised as the present value of the defined benefit obligation and related current service cost.

2.3 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

SKYWAY AVIATION HANDLING COMPANY PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTHS ENDED 30 SEPT., 2021

3

REVENUE

The Company generates revenue primarily from foreign and domestic handling, cargo handling and equipment rental. Other sources of revenue include rental income from investment properties.

	9 Months Ended 30 Sept. 2021	9 Months Ended 30 Sept. 2020
	N'000	N'000
Revenue from contract with Customers	6,389,609	3,036,047
Other revenue		
Investment Properties Rental Income	34,027	56,883
Total Revenue	6,423,637	3,092,930

3.1 Disaggregation of revenue from contracts with customers:

The revenue from contracts with customers is disaggregated by major service lines and timing of revenue recognition.

	9 Months Ended 30 Sept. 2021	9 Months Ended 30 Sept. 2020
	N'000	N'000
i. Major Service Lines		
Foreign Handling	940,905	428,135
Domestic Handling	547,527	182,026
Ad-hoc Handling	6,083	-
Cargo Handling Income	4,209,005	2,189,070
Cargo Handling -Export	432,329	146,657
VIP Lounge Service Income	4,558	3,344
Hajj Operations	-	-
Equipment Rental	218,535	53,873
Haulage/Crew Bus Services	10,885	10,597
DCS/PAX Handling Income	394	2
Airport Security Services	19,642	6,227
Christian Pilgrimage Handling	(253)	16,621
	<u>6,389,609</u>	<u>3,036,551</u>
Discount Allowed	-	(504)
	6,389,609	3,036,047
ii. Timing of revenue recognition		
Service transferred at a point in time	6,389,609	3,036,047
Service transferred over time	34,027	56,883
	6,423,637	3,092,930

3.2 Contract balances

The following provides information about receivables, contract assets and contract liabilities from contracts with customers.

	9 Months Ended 30 Sept. 2021	9 Months Ended 30 Sept. 2020
	N'000	N'000
Contract liabilities	124,592	96,132
	124,592	96,132

The contract liabilities primarily relate to the advance consideration received from tenants for rent of the investment properties, for which revenue is recognised upon usage by the tenants.

SKYWAY AVIATION HANDLING COMPANY PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTHS ENDED 30 SEPT., 2021

3.3 Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

3.4 Description of Major Sources of income:

Foreign and Domestic Handling: This include income from aircraft handling raised for Ramp Services, passenger profiling, security and baggage handling(Loading and offloading).

Cargo Handling: These includes income from Cargo documentation services rendered to airlines which include import and export cargo facilitation through Nigeria's biggest network of customer: bonded warehouses in Lagos, Kano, Abuja and Port-Harcourt, using Hermes computerisation syste which ensures safe storage and easy retrieval of cargos

Equipment rental and maintenance: The company leases it equipment to airlines for services that are not covered in the standard Ground Handling Agreement.

	9 Months Ended 30 Sept. 2021	9 Months Ended 30 Sept. 2020
4	N'000	N'000
DIRECT COST		
Cargo Shed/ Warehouse	140,328	85,320
Concession Fees	326,937	159,651
Oil and Lubricants	60,286	19,987
VIP Lounge	1,164	2,034
DCS/Check-In Counter Expenses	29,949	18,735
Baggage Logistics Expenses	501	2,497
Equipment Running	271,872	115,538
Equipment Repairs	314,348	136,605
RAMP	26,796	9,483
Hajj Operation	-	36,240
Christian Pilgrimage	100	1,436
Cargo Warehouse Incentives	2,235	3,000
Direct Labour Cost	1,266,734	535,645
Other Direct Costs	4,702	17,085
Miscellaneous Cost	9,848	9,282
	<u>2,455,799</u>	<u>1,152,538</u>
Depreciation	<u>1,028,017</u>	<u>721,112</u>
	<u>3,483,816</u>	<u>1,873,650</u>

Expenses by nature have been disclosed in the statement of comprehensive income as above. Costs directly relates to income generating activities are labeled as direct cost. Depreciation of assets used directly in generating revenue are classified as part of direct cost.

	9 Months Ended 30 Sept. 2021	9 Months Ended 30 Sept. 2020
5	N'000	N'000
OTHER INCOME		
Electricity bills, scrap and other miscellaneous income	<u>45,750</u>	<u>5,446</u>

SKYWAY AVIATION HANDLING COMPANY PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 9 MONTHS ENDED 30 SEPT., 2021

6	9 Months Ended	9 Months Ended
	30 Sept. 2021	30 Sept. 2020
	₦'000	₦'000
ADMINISTRATION EXPENSES		
Employee benefit expenses (Note 8)	908,568	409,077
Depreciation & amortisation	358,397	220,077
Printing and stationery	26,987	13,500
Transport and traveling	33,679	23,984
Vehicle running expenses	49,738	17,897
Telecommunication and courier	23,657	13,258
Staff training and development	74,448	9,626
Advertisement and publications	15,664	5,504
Public relations	12,825	5,750
Sales promotion	63,373	20,550
Subscription	3,454	1,845
Newspaper, periodical and magazine	684	450
Rent and electricity	165,546	57,566
Medical expenses	85,656	33,301
Insurance premium	46,609	25,379
Legal expenses	1,175	-
Repairs of office equipment	1,389	1,439
Repairs and maintenance of building	64,446	19,554
Entertainment	12,938	5,709
Gifts and donations	18,050	46,000
Hotel and accommodation	7,363	420
Repair of furniture and fittings	12,079	6,530
Computer support and accessories	51,790	17,506
Lighting and fitting expenses	10,082	7,175
Premises upkeep and cleaning	43,209	16,167
Special security expenses	16,821	9,155
Office running expenses	10,494	6,352
Board meeting expenses	8,450	19,112
Recruitment expenses	-	53
Staff welfare expenses	7,300	23,100
Professional and business fees	23,377	23,773
Directors expenses	9,000	6,000
Bank charges	37,263	13,272
Government levies	3,315	1,822
Other expenses	67,752	27,229
	2,275,580	1,108,134

SKYWAY AVIATION HANDLING COMPANY PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 9 MONTHS ENDED 30 SEPT., 2021

	9 Months Ended 30 Sept. 2021 ₹'000	9 Months Ended 30 Sept. 2020 ₹'000
7		
FINANCE INCOME AND FINANCE COST		
Finance Income		
Interest Income	4,228	1,157
Interest on defined benefit obligation	-	-
	<u>4,228</u>	<u>1,157</u>
Foreign exchange Gain	103,704	34,702
	<u>107,932</u>	<u>35,859</u>
Finance Expense		
Interest on loan	22,833	8,960
Interest on defined benefit obligation	-	-
	<u>22,833</u>	<u>8,960</u>
8		
EMPLOYEE BENEFIT EXPENSES		
Salaries and wages	459,909	215,958
Pension fund contribution	28,662	12,725
Leave allowance	34,112	15,516
Gratuity and terminal benefits	206,179	88,882
Overtime	16,143	4,922
13th month salary	125,998	54,697
Other allowance	6,315	2,788
ITF contribution	16,222	7,056
NSITF Employee Compensation	15,028	6,533
	<u>908,568</u>	<u>409,077</u>
	9 Months Ended	9 Months Ended
	30 Sept. 2021	30 Sept. 2020
8.1	Number	Number
The Average number of employees per department:		
Operations	1,585	1,492
Administrations	45	45
	<u>1,630</u>	<u>1,537</u>
8.2		
Employees remuneration Scale		
RANGE		
< 1000000	1,138	931
1000000-2000000	413	497
2000001-3000000	52	79
3000001-4000000	13	14
4000001-5000000	11	10
5000001-6000000	-	3
6000001-7000000	-	-
7000001-8000000	-	-
8000001-14000000	3	3
	<u>1630</u>	<u>1537</u>

SKYWAY AVIATION HANDLING COMPANY PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTHS ENDED 30 SEPT., 2021

9

PROPERTY, PLANT AND EQUIPMENTS

	Leasehold Land N'000	Building N'000	Motor Vehicle and Trucks N'000	Plant and Machinery N'000	Furniture, Fixture and Fittings N'000	Computer Equipment N'000	Office Equipment N'000	Sundry Tools N'000	Total N'000
Cost:									
At 1 January 2020	40,950	4,680,167	218,940	11,857,542	567,575	72,743	223,228	41,681	17,702,825
Charge for the period	-	160,848	3,853	570,802	34,838	21,662	16,875	64,766	873,643
At 31 December 2020	40,950	4,841,014	222,793	12,428,344	602,413	94,405	240,102	106,447	18,576,468
Additions	-	22,521	87,000	1,127,869	120,359	15,048	5,608	-	1,378,404
At 30 Sept., 2021	40,950	4,863,535	309,793	13,556,213	722,772	109,452	245,710	106,447	19,954,871
Accumulated Depreciation:									
At 1 January 2020	27,300	344,072	90,055	2,577,243	291,726	37,008	87,518	31,574	3,486,497
Charge for the period	2,730	180,147	55,826	1,410,575	123,641	14,746	43,975	6,871	1,838,511
At 31 December 2020	30,030	524,218	145,881	3,987,818	415,368	51,754	131,494	38,445	5,325,009
Charge for the period	1,365	135,833	45,795	1,028,017	101,600	9,601	32,768	14,441	1,369,419
At 30 Sept., 2021	31,395	660,052	191,676	5,015,835	516,967	61,355	164,262	52,886	6,694,427
Carrying amount:									
At 30 Sept., 2021	9,555	4,203,483	118,117	8,540,378	205,804	48,097	81,448	53,561	13,260,444
At 31 December 2020	10,920	4,316,796	76,912	8,440,526	187,045	42,650	108,609	68,002	13,251,459

Property, plant and equipment includes right-of-use assets of N9.5 Million related to leased hold land.

9.1 Revaluation

The Company's Property, Plant & Equipment were revalued on March 29, 2018 by Messrs. Ubosi Eleh & Company (FRC/2014/NIESV/00000003997) an accredited independent valuer who has valuation experience for similar offices using the Market Value Basis of valuation.

Leasehold Land is stated at cost and as such do not fall under any class of the revalued assets by the Independent Valuers

9.2 Assets pledged as security

Borrowings are secured by a debenture on fixed and floating assets of the company.

9.3 Depreciation charged during the period are included in:

	9 Months Ended 30 Sept. 2021 N'000	9 Months Ended 30 Sept., 2020 N'000
Cost of sales	1,028,017	359,632
Administrative expenses	341,402	107,768
	1,369,419	467,400

SKYWAY AVIATION HANDLING COMPANY PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTHS ENDED 30 SEPT., 2021

10

INVESTMENT PROPERTIES

	Building
	₦'000
Cost	
At 1 January 2020	347,093
Additions	104,079
At 31 December 2020	451,172
Additions	350,127
At 30 Sept., 2021	801,299
 Accumulated Depreciation	
At 1 January 2020	55,345
Charge for the period	12,206
At 31 December 2020	67,551
Charge for the period	15,829
At 30 Sept., 2021	83,380
 Carrying amount	
At 30 Sept., 2021	717,919
At 31 December 2020	383,621

The Investment properties are depreciated using the straight-line method. The rate of depreciation used is 3.5% based on the useful lives of the lease on the landed property.

a) Description of the Investment Properties

Investment properties include Skyway Aviation Handling Company Plc. corporate office and Skyway Aviation Handling Company Plc. Office Complex located at Murtala Mohammed Airport Lagos, Nigeria which were made available for rental during the period.

	30 Sept.	30 Sept.
	2021	2020
	₦'000	₦'000
b) Net amounts recognised in profit or loss for investment properties are as follows:		
Rental income	34,027	15,488
Direct operating expenses	(45,112)	(7,279)
Depreciation	(15,829)	(2,993)
	(26,914)	5,216

Depreciation has been included in Administrative expenses in the Statement of Profit or Loss and Other Comprehensive Income.

SKYWAY AVIATION HANDLING COMPANY PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTHS ENDED 30 SEPT., 2021

c) Non-current assets pledged as security

Refer to note 9.2 for information on non-current assets pledged as security by the company.

d) Contractual obligations

The Company's lease agreement with FAAN on the Investment Property Lands places a restriction on the realization of the investment properties. The company has no contractual obligations to purchase the Land but can construct or develop investment properties or for repairs, maintenance and enhancements.

e) Leasing arrangements

Some of the investment properties are leased to tenants under long-term operating leases with rentals payable annually. Minimum lease payments under non-cancellable operating leases of investment properties recognised in the financial statements as payables are as follows:

	Unaudited 9 Months Ended 30 Sept. 2021 N'000	Audited Year Ended 31 Dec., 2020 N'000
Within one year	84,055	83,055
Later than one year but not later than 5 years	40,537	28,875
	124,592	111,931

11

INTANGIBLE ASSETS

	Website N'000	Software N'000	Goodwill N'000	Total N'000
Cost				
At 1 January 2020	1,050	-	4,057,388	4,058,438
Additions	-	7,802	-	7,802
At 31 December 2020	1,050	7,802	4,057,388	4,066,240
Addition	-	2,500	-	2,500
At 30 Sept., 2021	1,050	10,302	4,057,388	4,068,740
Amortisation				
At 1 January 2020	88	-	-	88
Impairment Loss	-	-	-	-
Amortisation	210	37	-	247
At 31 December 2020	298	37	-	334
Amortisation	548	654	-	1,201
At 30 Sept., 2021	845	691	-	1,536
Carrying amount				
At 30 Sept., 2021	205	9,611	4,057,388	4,067,205
At 31 December 2020	753	7,765	4,057,388	4,065,906

a

Impairment test

There was no impairment loss on Goodwill during the period.

SKYWAY AVIATION HANDLING COMPANY PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTHS ENDED 30 SEPT., 2021

	Unaudited 9 Months Ended 30 Sept. 2021 N'000	Audited Year ended 31 Dec., 2020 N'000
12		
INVENTORIES		
Spares	218,705	172,152
Oil and lubricants	8,414	5,259
	227,119	177,411

None of the company's inventories were pledged as collateral for borrowings.

The company's inventories were also not written down during the period (2020 : Nil).

	Unaudited 9 Months Ended 30 Sept. 2021 N'000	Audited Year ended 31 Dec., 2020 N'000
13		
TRADE AND OTHER RECEIVABLES		
Trade Receivables	2,151,037	2,418,274
Less: Allowance for Impairment (Note 13(a)(i))	(1,057,261)	(1,160,958)
	1,093,776	1,257,316
Due from related parties (Note 18.2)	589,303	470,692
Advance to Suppliers (Note 13(b))	1,049,163	993,137
Other Receivables (Note 13(c))	152,900	176,486
Staff Loan (Note 13(d))	59,630	77,320
Prepayments (Note 13(e))	88,235	33,463
	3,033,008	3,008,415

The company determines its recoverability of trade receivable after considering any changes in the credit quality of the trade receivables from the date credit is granted up to the end of the reporting period.

	Unaudited 9 Months Ended 30 Sept. 2021 N'000	Audited Year ended 31 Dec., 2020 N'000
a) Allowance for impairment		
Balance at the beginning of the period	1,304,015	1,099,261
Bad Debts Written Off	(103,697)	(99,223)
Allowance for Impairment for the period	-	303,977
Balance at end of the period	1,200,318	1,304,015

i.) Allowance for impairment is further analysed below

Trade Receivables	1,057,261	1,160,958
Advance to Suppliers	92,057	92,057
Other Receivables	51,000	51,000
	1,200,318	1,304,017

SKYWAY AVIATION HANDLING COMPANY PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTHS ENDED 30 SEPT., 2021

	Unaudited 9 Months Ended 30 Sept. 2021 ₦'000	Audited Year ended 31 Dec., 2020 ₦'000
b) Advance to Suppliers		
Cash with Suppliers	1,141,221	1,085,195
Allowance for impairment of advance to suppliers (Note 13(a)(i))	(92,057)	(92,057)
	1,049,163	993,137
c) Other Receivables		
Staff Advance for Expenses	41,836	42,209
Withholding Tax Receivables	111,064	167,445
Loan to ABX World	51,000	51,000
Allowance for impairment of loan to ABX World (Note 17(a)(i))	(51,000)	(51,000)
	152,900	209,654

d) Staff Loan

Staff Loan are non-interest bearing. They are repayable within 12month.

e) Prepayments

Prepayments relate to rent prepaid on its offices complex all over the country and insurance prepaid on its Property, Plants and Equipment.

	Unaudited 9 Months Ended 30 Sept. 2021 ₦'000	Audited Year ended 31 Dec., 2020 ₦'000
14		
CASH AND CASH EQUIVALENTS		
Cash	7,188	11,155
Bank	1,657,865	2,036,977
Short term deposits	489,808	167,282
	2,154,860	2,215,413

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

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	Unaudited 9 Months Ended 30 Sept. 2021 ₦'000	Audited Year ended 31 Dec., 2020 ₦'000
Cash	7,188	11,155
Bank	1,657,865	2,036,977
Short term deposits	489,808	167,282
	2,154,860	2,215,414
Bank Overdrafts	-	-
	2,154,860	2,215,414

SKYWAY AVIATION HANDLING COMPANY PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTHS ENDED 30 SEPT., 2021

	Unaudited	Audited
	9 Months Ended 30 Sept. 2021 N'000	Year ended 31 Dec., 2020 N'000
15		
TRADE AND OTHER PAYABLES		
Trade Payables	586,142	901,761
Customers Deposits	-	277,263
Provision for concession fee	429,819	451,059
Other Payables	100,096	26,544
Accruals (Note 15.2)	457,010	324,868
Statutory obligations payables – tax and social security payments (Note 15.3)	526,760	372,168
	2,099,826	2,353,662

15.1

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled within 12months.
- Other payables are non-interest bearing and have an average term of 6months.

	Unaudited	Audited
	9 Months Ended 30 Sept. 2021 N'000	Year ended 31 Dec., 2020 N'000
15.2		
Accruals		
Stamp Duties	14,141	11,616
Others	442,869	313,252
	457,010	324,868

15.3

Statutory obligation payables – tax and social security payments

Withholding tax payables	10,557	12,294
Value added tax payable	246,136	119,743
ITF contribution	110	1,293
NSITF contribution payable	21,342	22,427
Pension	144,396	129,557
PAYE	10,160	8,641
Cooperative and thrift	93,261	74,774
Union dues	796	734
National Housing Fund	1	1
Payroll Clearance	-	692
Leave allowance accruals	-	3
Federal Housing Loan	-	2,010
	526,760	372,168

SKYWAY AVIATION HANDLING COMPANY PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTHS ENDED 30 SEPT., 2021

	Unaudited 9 Months Ended 30 Sept. 2021 N'000	Audited Year ended 31 Dec., 2020 N'000
16		
BORROWINGS		
United Bank for Africa Plc.	233,892	286,821
	233,892	286,821
Classification of borrowings:		
Current	233,892	15,931
Non Current	-	270,890
	233,892	286,821

United Bank for Africa Plc.-Term Loan

This is a facility of ₦319,041,494.72(€768,608) which was sourced to purchase a ground handling equipment. The facility is for a tenor of 4 years effective 2020. The interest rate is floating at 14% p.a below the lender's prime lending rate currently 25% per annum giving an initial gross interest rate of 11% per annum. The facility is secured against fixed and floating assets of the company and personal guarantee of the Chairman.

17

Reconciliation of movements of Liabilities to cash flows arising from Financing Activities

	Unaudited 9 Months Ended 30 Sept. 2021 N'000	Audited Year ended 31 Dec., 2020 N'000
Opening Balance	286,821	152,592
Changes from Financing Cash flows		
Additional Borrowing	-	319,041
Repayment of Borrowings	(52,929)	(184,813)
Other Changes		
Interest Expense	22,833	26,214
Interest Paid	(22,833)	(26,214)
	-	-
Closing amount as at ending	233,892	286,821

18

RELATED PARTY

The company entered into various transaction with related parties in the ordinary course of business.

Details of the transactions between the Company and other related parties are disclosed below:

18.1 Identity of Related Party

Port and Cargo Handling Services Company Limited

Sifax Shipping Company Limited

Port and Cargo Handling Services Company Limited

Ports and Cargo Handling Services is the port operations arm of SIFAX Group. The company entered into various transactions with the related party, ranging from support services to expenses incurred by the related company. The outstanding amount is from the various transactions entered with the related party.

SKYWAY AVIATION HANDLING COMPANY PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 9 MONTHS ENDED 30 SEPT., 2021

Sifax Shipping Company Limited

SIFAX Shipping Company Limited was founded to provide a variety of complementary, quality shipping services. The company's bouquet of services includes Ship Agency, Ship Husbandry, Protective Agency/ Owners Representation, Crew Change and Group age. The amount outstanding represent cost and expenses incurred by the company on behalf of Skyway Aviation Handling Company Plc.

18.2 Outstanding Balances

Due from related entities

Sifax Shipping Company Limited

	Unaudited 9 Months Ended 30 Sept. 2021 N'000	Audited Year ended 31 Dec., 2020 N'000
	589,303	470,692
	<u>589,303</u>	<u>470,692</u>

19

SHARE CAPITAL

Authorised:

Ordinary shares of 50k each

(2019: Ordinary shares of 50k each)

	Unaudited 9 Months Ended 30 Sept. 2021 Unit	Audited Year ended 31 Dec., 2020 Unit
	<u>1,500,000,000</u>	<u>1,500,000,000</u>

Issued and fully paid

Ordinary shares of 50k each

(2019: Ordinary shares of 50k each)

	<u>1,353,580,000</u>	<u>1,353,580,000</u>
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Authorised:

Balance at the beginning of the period

Issued during the period

Balance at the end of the period

	Unaudited 9 Months Ended 30 Sept. 2021 N'000	Audited Year ended 31 Dec., 2020 N'000
	750,000	750,000
	-	-
	<u>750,000</u>	<u>750,000</u>

Issued and fully paid

Balance at the beginning of the period

Issued during the period

Balance at the end of the period

	676,790	676,790
	-	-
	<u>676,790</u>	<u>676,790</u>

All ordinary shares rank equally with regard to the Company's residual assets

SKYWAY AVIATION HANDLING COMPANY PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTHS ENDED 30 SEPT., 2021

20 Employee Benefits Obligation

a) Defined Contribution Plan

The company operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act, 2004, with contributions based on the employees' emoluments in the ratio 8% by the employee and 12% by the employer.

	Unaudited 9 Months Ended 30 Sept. 2021 N'000	Audited Year ended 31 Dec., 2020 N'000
Balance at beginning	129,557	118,248
Charge to profit or loss	167,195	158,975
Payments during the period	(152,355)	(147,667)
Balance at the end	144,396	129,557

The company's contributions to this scheme is charged to the profit or loss account in the period to which they relate.

Contributions to the scheme are managed by Stanbic IBTC pension manager, and other appointed pension managers on behalf of the beneficiary staff in line with the provisions of the Pension Reform Act.

Consequently, the company has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to meet the related obligations to employees.

b) Defined Benefit Plan

The Company also has a retirement benefits policy for all its full-time employees who have served the company for a minimum of 1 year. The company has a post-retirement programme for any employee who has attained the terminal age limit of 60 years and 35 years in service whichever is earlier.

The amount included in the statement of financial position as a result of the entity's obligation in respect of its defined benefit plans is as follows:

	Unaudited 9 Months Ended 30 Sept. 2021 N'000	Audited Year ended 31 Dec., 2020 N'000
Present value of the defined benefit plan	1,515,959	1,374,699
Fair value of plan assets	-	-
Funded Status	1,515,959	1,374,699

Reconciliation of change in the present value of the defined benefit plan are as follows:

	Unaudited 9 Months Ended 30 Sept. 2021 N'000	Audited Year ended 31 Dec., 2020 N'000
Statement of Financial Position - Opening	1,374,699	1,050,292
Net Periodic Benefit Cost recognised in the Profit or loss	207,274	236,661
Benefit paid by employer during the period	(66,014)	(61,042)
Employer contribution	-	-
Amount recognised in Other Comprehensive income	-	148,788
	1,515,959	1,374,699

SKYWAY AVIATION HANDLING COMPANY PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

FOR THE 9 MONTHS ENDED 30 SEPT., 2021

	Unaudited 9 Months Ended 30 Sept. 2021 ₦'000	Audited Year ended 31 Dec., 2020 ₦'000
21		
RETAINED EARNINGS		
As at beginning of the period	4,565,058	4,306,022
Profit for the period	542,556	482,377
Dividend	(223,341)	(223,341)
As at the end of the period	<u><u>4,884,274</u></u>	<u><u>4,565,058</u></u>

22

REVALUATION RESERVE

As at beginning of the period	9,088,895	9,088,895
Other Comprehensive Income	-	-
As at the end of the period	<u><u>9,088,895</u></u>	<u><u>9,088,895</u></u>

The revaluation reserve relates to the revaluation of Property, Plant & Equipment (Refer to Note 9.1).

	Unaudited 9 Months Ended 30 Sept. 2021 ₦'000	Audited Year ended 31 Dec., 2020 ₦'000
23		
ACTUARIAL VALUATION RESERVE		
As at beginning of the period	84,484	169,323
Other Comprehensive Income	-	(84,839)
As at the end of the period	<u><u>84,484</u></u>	<u><u>84,484</u></u>

24

SHARE PREMIUM

As at beginning of the period	4,784,010	4,784,010
Issued during the period	-	-
As at the end of the period	<u><u>4,784,010</u></u>	<u><u>4,784,010</u></u>

25

EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

	Unaudited 9 Months Ended 30 Sept. 2021 ₦'000	Audited Year ended 31 Dec., 2020 ₦'000
Net profit attributable to ordinary equity holders	<u><u>542,556</u></u>	<u><u>482,377</u></u>
	Number	Number
Weighted average number of ordinary shares	<u><u>1,353,580,000</u></u>	<u><u>1,353,580,000</u></u>
Basic earning per Ordinary Shares (Kobo)	<u><u>40</u></u>	<u><u>36</u></u>
Diluted earnings per ordinary shares (Kobo)	<u><u>40</u></u>	<u><u>36</u></u>

SKYWAY AVIATION HANDLING COMPANY PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTHS ENDED 30 SEPT., 2021

	Unaudited 9 Months Ended 30 Sept. 2021 ₦'000	Audited Year ended 31 Dec., 2020 ₦'000
26		
DEFERRED INCOME		
Rental Income	<u>124,592</u>	<u>111,930</u>
Amount received during the period are categorized as follows:		
Current portion	84,055	83,055
Non-Current portion	<u>40,537</u>	<u>28,875</u>
	<u>124,592</u>	<u>111,930</u>
27		
INCOME TAX LIABILITY		
The major components of income tax expense for the period are:		
As per profit or loss:		
Current income tax charge:		
Income tax	210,445	252,886
Education tax	42,089	50,577
Police Levy		2,833
Total Current Tax	<u>252,534</u>	<u>306,297</u>
Deferred tax:		
Origination and reversal of temporary differences (Note 33)	-	(222,008)
Total Deferred Tax	<u>-</u>	<u>(222,008)</u>
Income Tax Expense	<u>252,534</u>	<u>84,289</u>
As per other comprehensive Income:		
Origination and reversal of temporary differences	<u>-</u>	<u>(63,949)</u>
As Per Statement of Financial Position:		
As at beginning of the period	299,838	372,662
Current income tax charge for the period	<u>252,534</u>	<u>306,296</u>
	552,372	678,958
Less: Payment during the period		
Withholding Tax Credit Notes	-	(99,387)
Cash	<u>(60,577)</u>	<u>(279,734)</u>
As at the end of the period	<u>491,795</u>	<u>299,838</u>
28		
DEFERRED TAX LIABILITIES/(ASSETS)		
As Per Statement of Financial Position:		
Summarized Reconciliation of Total deferred tax assets (Net):		
As at beginning of the period	523,961	238,004
Relating to origination and reversal of temporary differences	-	285,956
As at the end of the period	<u>523,961</u>	<u>523,961</u>

Deferred tax assets and liabilities relates to the unutilised capital allowances, Employee benefit and receivables/intangible assets to the extent that the realisation of the related tax benefits through future taxable profits is probable. All deferred tax assets/liabilities are deemed to be recoverable after 12months. Deferred tax on revaluation surplus is based on capital gains tax of 10%.

SKYWAY AVIATION HANDLING COMPANY PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE 9 MONTHS ENDED 30 SEPT., 2021

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SECURITIES TRADING POLICY

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