CAVERTON OFFSHORE SUPPORT GROUP PLC
LAGOS, NIGERIA
ANNUAL REPORT AND CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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CORPORATE INFORMATION

DIRECTORS:	Mr Aderemi Makanjuola	Chairman
	Mr Olabode Makanjuola	Managing/CEO
	Mr Akin Kekere-Ekun	Non-Executive Director
	Mr Akinsola Falola	Non-Executive Director
	Mr Bashiru Bakare	Non-Executive Director
	Mallam Bello Gwandu	Non-Executive Director
	Chief Raymond Ihyembe	Independent Director
	HRM Edmund Daukoru, CON	Non-Executive Director

REGISTRATION NUMBER: RC 750603

WEBSITE: www.caverton-offshore.com

CORPORATE OFFICE:
1, Prince Kayode Akingbade Close
Off Muri Okunola Street
Victoria Island
Lagos, Nigeria

SOLICITOR:
PINHEIRO LP
Lagos office
5/7, Folayemi Street,
Off Coker Road, Ilupeju, Lagos, Nigeria.

EXTERNAL AUDITOR:
PricewaterhouseCoopers
Chartered Accountants
Landmark Towers
Plot 5B Water Corporation Road
Victoria Island
Lagos Nigeria

BANKERS:
Access Bank Plc
Guarantee Trust Bank Limited
Wema Bank Plc
Zenith Bank Plc

REGISTRAR:
Coronation Registrars Limited
9, Amodu Ojikutu Street
Off Saka Tinubu, Victoria Island
Lagos, Nigeria.

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

We the undersigned hereby certify the following with regards to our audited financial statements for the year ended 31 December 2023 that:

a) We have reviewed the report and to the best of our knowledge, the report does not contain:

- any untrue statement of a material fact, or
- omit to state a material fact, which would make the statements misleading in the light of circumstances under which such statements were made;

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

c) We:

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

d) We have disclosed to the auditors of the Company and Audit Committee:

- significant deficiencies in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
- that there are no fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;

We have identified in the report that there have been no significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

....	....
Mr. Olabode Makanjuola	**Segun Adesuntola**
Managing Director	Ag. Chief Finance Officer
FRC/2013/PRO/00000002456	FRC/2014/ICAN/00000009995
07 June 2024	07 June 2024

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report on the affairs of Caverton Offshore Support Group Plc (“the Company”) together with its subsidiaries (“the Group”) and the consolidated and separate audited financial statements of the Group and the Company for the year ended 31 December 2023.

Legal form

Caverton Offshore Support Group Plc was incorporated in Nigeria as a private limited liability company on 2 June 2008 and became a public limited liability Company on 4 July 2008. The certificate of incorporation number of the Company is RC750603.

Principal activity

The principal activity of the Group is the provision of offshore services to the oil and gas industry. It commenced business on 1 July 2008.

State of affairs

In the opinion of the Directors, the state of the Group’s and the Company's affairs is satisfactory and there has been no material change since the reporting date.

Result of operations

	Group		Company	
	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000
Revenue	31,988,811	29,228,179	-	-
Loss before taxation	(12,685,933)	(5,084,656)	(58,069)	(408,436)
Taxation	(61,504)	(80,428)	-	-
Loss after taxation	(12,747,437)	(5,165,084)	(58,069)	(408,436)

Dividend

The Directors do not recommend payment of dividend in respect of the year ended 31 December 2023 (2022: Nil).

Property, plant and equipment

Information relating to changes in property, plant and equipment is shown in Note 17 to the consolidated and separate audited financial statements. In the opinion of the Directors, the market value of the Group and the Company’s property, plant and equipment is not less than the carrying value shown in the consolidated and separate financial statements.

Acquisition of own shares

The Company did not purchase any of its own shares during the year under review (2022: Nil).

Directors' interests in shares

The interests of the Directors are stated in the Memorandum and Articles of Association of the Company. The following Directors of the Company held office during the year and had interest in the shares of the Company as follows:

Number of ordinary shares of 50k each held	2023		2022	
	Direct	Indirect	Direct	Indirect
Mr Aderemi Makanjuola	410,022,219	1,810,199,025	410,022,219	1,810,199,025
Mr Olabode Makanjuola	50,005,000	14,800,000	50,005,000	14,800,000
Mr Bashir Bakare	20,000,000	-	20,000,000	-
Mr Akinsola Falola	20,000,000	-	20,000,000	-
HRM King Edmund Daukoru	15,000,000	-	15,000,000	-
Mallam Bello Gwandu	10,000,000	-	10,000,000	-
Mr Akin Kekere-Ekun	10,100,000	10,000,000	100,000	10,000,000
	535,127,219	1,834,999,025	525,127,219	1,834,999,025

The indirect interest held by Mr Aderemi Makanjuola, Mr Olabode Makanjuola and Mr Akin Kekere-Ekun are for Tasmania Investments Limited, Athena Equity Investment Limited and KPH Construction Company Limited respectively.

Capitalisation history

Year	Increase ₦'000	Authorized cumulative ₦'000	Increase ₦'000	Paid up cumulative ₦'000	Cumulative Units	Consideration
1/1/2023	-	3,350,510	-	1,675,255	3,350,509,750	Cash and shares
1/1/2022	-	3,350,510	-	1,675,255	3,350,509,750	Cash and shares

REPORT OF THE DIRECTORS

Retirement of directors

All the Directors retire by rotation and being eligible, offer themselves for re-election.

Directors' interest in contracts

None of the Directors has notified the Group for the purpose of Section 303 of the Companies and Allied Matters Act of any disclosable interest in contracts with which the Group is involved as at 31 December 2023 (2022: Nil).

Shareholding structure

The issued and fully paid share capital of the Company was beneficially owned as follows:

	As at 31 December 2023			As at 31 December 2022		
	Number of holders	Holdings	% Holdings	Number of holders	Holdings	% Holdings
Corporate	116	422,094,859	12.60	108	424,445,669	12.67
Foreign	11	1,340,617	0.04	12	1,690,617	0.05
Directors (direct and Indirect holding)	10	2,360,126,244	70.44	10	2,360,126,244	70.44
Estate of deceased persons	2	101,320	0.00	3	196,320	0.01
Individual	3,596	555,403,678	16.58	3,117	524,877,380	15.67
Trust and Pension Fund	5	9,458,423	0.28	6	36,882,591	1.10
Foundation and schools	11	379,790	0.01	4	268,300	0.01
Nominees	1	399,819	0.01	6	826,329	0.02
Clubs and Associations	-	-	-	4	195,200	0.01
Enterprise	3	1,205,000	0.04	3	1,001,100	0.03
	3,755	3,350,509,750	100.00	3,273	3,350,509,750	100.00

Shareholding

The issued and fully paid up share capital of the Company is N1,675,254,875 (One billion, six hundred and seventy-five million, two hundred and fifty-four thousand, eight hundred and seventy-five naira) made up of 3,350,509,750 ordinary shares of 50kobo each. According to the register of members, apart from the three substantial shareholders (Tasmania Investments Limited, Aderemi Makanjuola and Molar Vessels Limited) no other person or persons held more than 5% of the issued and fully paid up shares of the company at 31 December 2023.

	At 31 December 2023		At 31 December 2022	
	Number of holders	% Holdings	Number of holders	% Holdings
Foreign	1,340,617	0.04	1,690,617	0.05
Corporate	2,257,093,884	67.37	424,445,669	12.67
Various individuals	1,092,075,249	32.59	2,924,373,464	87.28
	3,350,509,750	100.00	3,350,509,750	100.00

	At 31 December 2023		At 31 December 2022	
Substantial interest in shares:	Number of shares	%	Number of shares	%
Tasmania Investments Limited (Rep by Aderemi Makanjuola)	1,810,199,025	73.42	1,810,199,025	73.42
Aderemi Makanjuola M.	410,022,219	16.63	410,022,219	16.63
Molar Vessels Supplies Limited	245,363,954	9.95	245,363,954	9.95
	2,465,585,198	100.00	2,465,585,198	100.00

	At 31 December 2023		At 31 December 2022	
Substantial interest in shares:	Number of shares	%	Number of shares	%
Strategic shareholders (inclusive of Aderemi Makanjuola)	2,465,585,198	73.59	2,475,590,198	73.89
Directors holdings (other than Aderemi Makanjuola)	149,845,000	4.47	139,905,000	4.18
Free float	735,079,552	21.94	735,014,552	21.94
	3,350,509,750	100.00	3,350,509,750	100.00

REPORT OF THE DIRECTORS

Shareholding structure (continued)

Shareholders register range analysis as at 31 December 2023 are as follows:

Range	Number of holders	% of holders	Number of holdings	% shareholding
1 - 10,000	2,404	64.02	5,031,211	0.15
10,001 -50,000	574	15.29	14,914,276	0.45
50,001 -100,000	227	6.05	18,089,656	0.54
100,001 -500,000	378	10.07	89,035,175	2.66
500,001 -1,000,000	63	1.68	49,014,906	1.46
1,000,001 - 5,000,000	70	1.86	144,471,859	4.31
5,000,001 - 10,000,000	19	0.51	165,749,247	4.95
10,000,001 - 50,000,000	16	0.43	348,613,222	10.40
50,000,001 - 100,000,000	1	0.03	50,005,000	1.49
100,000,001 - 1,000,000,000	2	0.05	655,386,173	19.56
1,000,000,001 above	1	0.03	1,810,199,025	54.03
	3,755	100.00	3,350,509,750	100.00

Shareholders register range analysis as at 31 December 2022 are as follows:

Range	Number of holders	% of holders	Number of holdings	% shareholding
1 - 10,000	2,139	65.35	4,404,531	0.13
10,001 -50,000	469	14.33	11,930,881	0.36
50,001 -100,000	193	5.90	15,100,860	0.45
100,001 -500,000	294	8.98	68,810,040	2.05
500,001 -1,000,000	70	2.14	53,909,367	1.61
1,000,001 - 5,000,000	64	1.96	128,199,964	3.83
5,000,001 - 10,000,000	23	0.70	193,903,264	5.79
10,000,001 - 50,000,000	17	0.52	358,660,645	10.70
50,000,001 - 100,000,000	1	0.03	50,005,000	1.49
100,000,001 - 1,000,000,000	2	0.06	655,386,173	19.56
1,000,000,001 above	1	0.03	1,810,199,025	54.03
	3,273	100.00	3,350,509,750	100.00

Employment of disabled persons

The Group has a non-discriminatory policy on the consideration of applications for employment, including those received from disabled persons. All employees are given equal opportunities to develop themselves. The Group's policy is that the highest qualified and most experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition. There Group had no disabled employee as at 31 December 2023 (2021: Nil).

Employees involvement and training

The Group places a high premium on the development of its manpower and consults with employees on matters affecting their well-being. Formal and informal channels of communication are employed in keeping staff abreast of various factors affecting the performance of the Group.

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 existing regulations. The group places high premium on the health, safety and welfare of its employees in their places of work. To this end, the Group has various forms of insurance policies including Group life insurance to adequately secure and protect its employees. The group also has in place a healthcare insurance scheme for employees' medical needs.

Charitable contribution and donation

The Group made charitable donations as follows:	2023 ₦'000	2022 ₦'000
Donations to National Association of Aircraft Pilots and Engineers	2,000	-
Donations to Lagos Polo club	10,500	1,290
Special Olympics Nigeria	-	1,006
Salah gift to NCAA staff	-	450
Salah gift to FAAN staff	-	127
Ibibaisokariari Foundation	-	10,000
Corporate gifts	15,050	-
	27,550	12,873

REPORT OF THE DIRECTORS

Financial commitments

The directors are of the opinion that all known liabilities and commitments have been taken into account. These liabilities are relevant in assessing the Company's consolidated and separate financial statements.

Going concern

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

Key events in the reporting period

No identified key events in the year (2022: Nil).

Format of consolidated and separate financial statements

The consolidated and separate financial statements of Caverton Offshore Support Group Plc have been prepared in accordance with the reporting and presentation requirement of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), provisions of the Companies and Allied Matters Act, 2020 and requirements of the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

Event after the reporting date

Information relating to events after the reporting date is disclosed in Note 37 of the financial statements.

Auditors

The Company's auditors, Messrs. PricewaterhouseCoopers have indicated their willingness to continue in office in accordance with Section 401 of the Companies and Allied Matters Act.

BY ORDER OF THE BOARD

Amaka Pamela Obiora
Company secretary
FRC/2015/PRO/00000011302

07 June 2024

CORPORATE GOVERNANCE REPORT

Caverton Offshore Support Group Plc is committed to the highest standards of Corporate Governance to ensure proper oversight of the group operations and to create long term sustainable value for all shareholders and stakeholders. In line with best practices, there is a separation of power between the Chairman and the Group CEO, as well as a unique blend of Executive and Non-Executive Directors. The individual and collective academic qualifications and wealth of diverse skills and experience of the Board ensure independent thought and exceptional decision making.

The board of directors in driving the strategic direction of the Company ensures continual building of strong and stable relationships with shareholders, stakeholders and the community at large. The Company is now publicly quoted on the Nigerian Stock Exchange and affirms its commitment to increasing shareholder value through open and transparent Corporate Governance Practices.

THE BOARD

The board is committed to best practices of Corporate Governance in carrying out its responsibility of determining the strategic objectives and policies of the Company. The Board is accountable to the shareholders and is responsible for creating and delivering sustainable value through proper management of the Company's affairs. The Board also provides oversight of senior management of the Company.

COMPOSITION OF THE BOARD

The board comprises the Chairman, one Executive Director, five Non-Executive Directors and one Independent Director. The Board carries out its oversight functions using its various Board Committees. This ensures efficiency and allows for deeper attention to targeted matters for the Board. The Committees are set up in line with best practices and have well defined terms of reference defining their scope and responsibilities. The Committees meet quarterly and additional meetings are convened as required.

BOARD MEETINGS	**1** **3/27/2023**	**2** **7/26/2023**	**3** **10/31/2023**	**4** **12/19/2023**
Mr. Aderemi Makanjuola - Chairman	✓	✓	✓	✓
Mr. Olabode Makanjuola	✓	✓	✓	✓
Mr. Akinsola Falola	✓	✓	✓	✓
Mallam Bello Gwandu	✓	✓	✓	✓
Mr. Akin Kekere-Ekun	✓	✓	✓	✓
Mr. Bashiru Bakare	✓	✓	✓	✓
HRM Edmund Daukoru	✓	✓	✓	☒
Chief Raymond Ihyembe	✓	✓	✓	✓

Note:
✓- Present; X – Absent with apology; NYA – Not a member of the Board as at this date; AR – Already Resigned

BOARD COMMITTEES

The board carries out its oversight functions through the under-listed committees:

SAFTEY COMMITTEE

The committee which consists of four (4) members is charged with oversight of the safety and quality policies, initiatives and performance of the Company from a macro perspective.

MEMBERSHIP OF THE COMMITTEE

MEETINGS	**1** **3/22/2023**	**2** **7/14/2023**	**3** **10/24/2023**	**4** **12/8/2023**
Mr. Bashiru Bakare (Chairman)	✓	✓	✓	✓
Mr. Akinsola Falola	✓	✓	✓	✓
Mr. Akin Kekere-Ekun	☒	✓	✓	✓
Mallam Bello Gwandu	✓	✓	✓	✓

Note:
✓- Present; X – Absent with apology; NYA – Not a member of the Board as at this date; AR – Already Resigned

RISK & FINANCE COMMITTEE

The committee is made up of three (3) members. The mandate of the committee is to identify, outline and implement the Company's key risks and internal controls and design a bespoke enterprise risk management framework.

CORPORATE GOVERNANCE REPORT

RISK & FINANCE COMMITTEE (CONTINUED)

MEMBERSHIP OF THE COMMITTEE

MEETINGS	**1** **3/27/2023**	**2** **7/17/2023**	**3** **10/27/2023**	**4** **12/11/2023**
Mr. Akin Kekere-Ekun (Chairman)	✓	✓	☒	✓
Mr. Bashiru Bakare	✓	✓	✓	✓
Chief Raymond Ihyembe	✓	✓	✓	✓

GOVERNANCE AND IMPLEMENTATION COMMITTEE

The Committee comprises five (5) members. The committee is tasked with overseeing the Corporate Governance policies and procedures of the Company.

MEMBERSHIP OF THE COMMITTEE

MEETINGS	**1** **3/21/2023**	**2** **7/10/2023**	**3** **10/25/2023**	**4** **12/1/2023**
Chief Raymond Ihyembe - Chairman	✓	✓	✓	✓
HRM Dr. Edmund Daukoru	☒	✓	☒	✓
Mallam Bello Gwandu	✓	✓	✓	✓
Mr. Akin Kekere-Ekun	✓	✓	☒	✓
Mr. Bashiru Bakare	✓	✓	✓	✓

AUDIT COMMITTEE

The audit committee in line with Section 359(5) of the Companies and Allied Matters Act is mandated to examine the auditor's report and make recommendations thereon to the General Meeting. The committee consists of five (5) members.

MEMBERSHIP OF THE COMMITTEE

MEETINGS	**1** **3/27/2023**	**2** **7/24/2023**	**3** **10/27/2023**	**4** **12/11/2023**
Mr. Hakeem Shagaya - Chairman	✓	✓	✓	✓
Mr. Friday Odigue Ejere	✓	✓	✓	✓
Mr. Tola Atekoja	✓	✓	✓	✓
Chief Raymond Ihyembe	✓	✓	✓	✓
Mr. Akin Kekere-Ekun	✓	✓	☒	✓

TRADING POLICY

The company has complied with the provisions of the Section 14 of the Amended Listing Rules of the Nigerian Stock Exchange by adopting a code of conduct regarding securities transactions by its Directors and all Staff. All Directors and all Staff have complied with Listing rules and the Issuer's code of conduct regarding securities transactions.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies and Allied Matters Act, 2020, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the group at the end of the year and of its profit or loss. The responsibilities include ensuring that the Group:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the group and comply with the requirements of the Companies and Allied Matters Act, 2020;

b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The directors accept responsibility for the annual consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standards issued by the International Accounting Standard Board, the requirements of the Companies and Allied Matters Act, 2020 and Financial Reporting Council of Nigeria (Amendment) Act 2023.

The directors are of the opinion that the consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the Group and Company of their profit for the year ended 31 December 2023. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of consolidated and separate financial statements, as well as adequate systems of internal financial control.

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

....	....
Mr. Aderemi Makanjuola	**Mr. Olabode Makanjuola**
Chairman	Managing Director
FRC/2013/PRO/00000002400	FRC/2013/PRO/00000002456
07 June 2024	07 June 2024

REPORT OF THE AUDIT COMMITTEE

In compliance with Section 404(4) of the Companies and Allied Matters Acts, the members of the Audit Committee of Caverton Offshore Support Group Plc hereby report as follows:

i. We have exercised our statutory functions under Section 404(4) of the Companies and Allied Matters Act and state that the scope and planning of the audit were adequate in our opinion.

ii. We are of the opinion that the accounting and reporting policies of the Group conformed to the statutory requirements.

iii. The internal control and internal audit functions of the group were operated effectively.

iv. The external auditor's findings are being dealt with satisfactorily by the management; and

v. We acknowledge the cooperation of management and staff in the conduct of our responsibilities.

MR. HAKEEM SHAGAYA
Chairman , Audit Committee
FRC/2021/003/00000023038

07 June 2024

MEMBERS OF AUDIT COMMITTEE

Mr. Hakeem Shagaya - Chairman	Minority Shareholder
Akin Kekere-Ekun	Non Executive Director
Chief Raymond Ihyembe	Non Executive Director
Mr. Tola Atekoja	Minority Shareholder
Mr. Friday Odigue Ejere	Minority Shareholder

Independent auditor's report

To the Members of Caverton Offshore Support Group Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Caverton Offshore Support Group Plc ("the company") and its subsidiaries (together "the group") as at 31 December 2023, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

What we have audited

Caverton Offshore Support Group Plc's consolidated and separate financial statements comprise:

- the consolidated and separate statements of profit or loss and other comprehensive income for the year ended 31 December 2023;
- the consolidated and separate statements of financial position as at 31 December 2023;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of material accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We 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 Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. 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 judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of Goodwill- N6.03 billion The accounting policies and disclosures concerning goodwill are disclosed in Notes 2.3(a), 2.3(p), 3 and 19.2. Valuation of goodwill is a key audit matter because; the assessment process is judgmental, as it is based on assumptions relating to market or economic conditions extending to the future, and because of the significance of the goodwill to the financial statements. As at the balance sheet date of 31 December 2023, the value of goodwill amounted to N6.03 billion representing 8% of the total assets. The valuation of goodwill is based on management's estimate about the value-in-use calculations of the cash generating units. There are a number of underlying assumptions used to determine the value-in-use. These include the revenue growth rate, growth rate of direct costs and discount rate applied on net cash-flows. Estimated value-in-use may vary significantly when the underlying individual assumptions are changed and the changes may result in an impairment of goodwill. This is a key audit matter in the consolidated financial statements.	Our audit procedures regarding the valuation of goodwill included evaluating methodologies, impairment calculations and underlying assumptions applied by the management in the impairment testing. In evaluation of methodologies, we compared the principles applied by management, which revolve around the discounted cash flow method of estimating value in use in the impairment tests, to the requirements set in IAS 36; Impairment of assets. The following procedures were performed to validate the key assumptions applied by management in impairment tests: • Revenue growth rate and growth rate of direct costs were compared to approved budgets and long-term forecast as well as information available from external sources, • To validate discount rate used we independently calculated industry averages such as weighted average cost of capital used in discounting the cashflows. • We checked the mathematical accuracy of the impairment calculation. We also assessed the sufficiency and appropriateness of the disclosures in respect of goodwill

Other information

The directors are responsible for the other information. The other information comprises Corporate information, Statement of corporate responsibility for the financial statements, Report of the directors, Corporate governance report, Statement of directors' responsibilities, Report of the audit committee, Value added statement, Five-year financial summary – Group and Five-year financial summary – Company but does not include the consolidated and separate financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the other sections of the Caverton Offshore Support Group Plc 2023 Annual Report, which are expected to be made available to us after that date.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

When we read the other sections of the Caverton Offshore Support Group Plc 2023 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria (Amendment) Act, 2023, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on other legal and regulatory requirements

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

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from locations not visited by us;

iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

In accordance with the requirements of the Financial Reporting Council, we performed a limited assurance engagement and reported on management's assessment of Caverton Offshore Support Group Plc's internal control over financial reporting as of 31 December 2023. The work performed was done in accordance with FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria, and we have issued an Adverse opinion in our report dated 14 June 2024.

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

14 June 2024

Engagement Partner: Edafe Erhie
FRC/2013/PRO/ICAN/004/00000001143

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		Company	
	Note	**2023**	**2022**	**2023**	**2022**
		₦'000	**₦'000**	**₦'000**	**₦'000**
Revenue from contracts with customers	5	31,988,811	29,228,179	-	-
Cost of sales	6	(24,827,394)	(25,542,592)	-	-
Gross profit		**7,161,417**	**3,685,587**	**-**	**-**
Administrative expenses	7	(10,737,485)	(5,119,611)	(135,302)	(408,436)
Impairment loss on financial assets	8	(2,378,708)	(402,307)	(2,950)	-
Other (losses)/gains	9	(2,120,142)	927,141	80,183	-
Other income	10	1,360,059	1,436,251	-	-
Operating (loss)/profit		**(6,714,859)**	**527,061**	**(58,069)**	**(408,436)**
Finance income	11	24,930	45,831	-	-
Finance costs	12	(5,822,379)	(5,268,786)	-	-
Share of loss of associate	19.1.4	(4,889)	(240,145)	-	-
Minimun tax	13	(168,736)	(148,617)	-	-
Loss before taxation		**(12,685,933)**	**(5,084,656)**	**(58,069)**	**(408,436)**
Income tax expense	14.1	(61,504)	(80,428)	-	-
Loss after taxation		**(12,747,437)**	**(5,165,084)**	**(58,069)**	**(408,436)**
Other comprehensive income:					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):					
Share of other comprehensive income of an associate	19.1.4	10,419	1,692	-	-
Exchange differences on translation of foreign operations	15	(155,823)	1,678	-	-
Other comprehensive (loss)/income for the year		**(145,404)**	**3,370**		**-**
Total comprehensive loss for the year		**(12,892,841)**	**(5,161,714)**	**(58,069)**	**(408,436)**
Loss attributable to:					
Equity holders of the parent		(12,654,132)	(5,127,302)	(58,069)	(408,436)
Non-controlling interests		(93,306)	(37,782)	-	-
		(12,747,437)	**(5,165,084)**	**(58,069)**	**(408,436)**
Total comprehensive loss attributable to:					
Equity holders of the parent		(12,799,679)	(5,123,965)	(58,069)	(408,436)
Non-controlling interests		(93,162)	(37,748)	-	-
		(12,892,841)	**(5,161,714)**	**(58,069)**	**(408,436)**
Basic/diluted earnings per share (₦)	16	(3.78)	(1.53)	(0.02)	(0.12)

The accompanying notes on pages 20 to 60 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		2023	2022	2023	2022
Assets		₦'000	₦'000	₦'000	₦'000
Non-current assets					
Property, plant and equipment	17	19,903,376	18,729,523	-	-
Intangible assets	18	90,463	161,477	-	-
Right-of-use assets	31	5,583,736	7,347,563	-	-
Goodwill	19.2	6,026,909	6,026,909	-	-
Investment in subsidiaries	19.1.2	-	-	8,514,000	8,514,000
Investment in associates	19.1.4	13,506	7,977	3,673	3,673
Deferred tax assets	14.4	155,578	190,524	-	-
		31,773,568	**32,463,973**	**8,517,673**	**8,517,673**
Current assets					
Inventories	20	9,292,246	9,140,095	-	-
Trade and other receivables	21	15,111,117	24,008,802	346,584	323,976
Contract assets	21	1,571,722	1,553,356	-	-
Prepayments	22	41,143	233,715	-	-
Short term investment in securities	23	490,138	484,365	-	-
Cash and bank balances	24	20,439,302	3,005,477	245	64,799
		46,945,668	**38,425,810**	**346,829**	**388,775**
Assets classified as held for sale	25	599,142	3,566,593	-	-
Total current assets		**47,544,810**	**41,992,403**	**346,829**	**388,775**
Total assets		**79,318,378**	**74,456,376**	**8,864,501**	**8,906,448**
Equity					
Ordinary share capital	26	1,675,255	1,675,255	1,675,255	1,675,255
Share premium	26	6,616,991	6,616,991	6,616,991	6,616,991
Retained earnings		(8,927,416)	3,726,716	(78,733)	(20,664)
Foreign currency translation reserve		(93,322)	52,082	-	-
Equity attributable to equity holders of the parent		**(728,492)**	**12,071,044**	**8,213,513**	**8,271,582**
Non-controlling interests		(19,143)	74,163	-	-
Total equity		**(747,635)**	**12,145,206**	**8,213,513**	**8,271,582**
Non-current liabilities					
Borrowings	27	20,818,194	14,699,197	-	-
Deferred income	28	79,214	122,782	-	-
Lease liabilities	31	9,142,732	6,053,251	-	-
		30,040,140	**20,875,230**	**-**	**-**
Current liabilities					
Trade and other payables	30	24,826,200	18,204,823	646,005	629,883
Contract liabilities	29	-	208,725	-	-
Borrowings	27	18,687,180	17,344,317	-	-
Deferred income	28	47,529	47,529	-	-
Income tax payable	14.3	1,143,813	1,008,518	4,983	4,983
Lease liabilities	31	5,321,151	4,622,028	-	-
		50,025,873	**41,435,940**	**650,988**	**634,866**
Total liabilities		**80,066,013**	**62,311,170**	**650,988**	**634,866**
Total equity and liabilities		**79,318,378**	**74,456,376**	**8,864,501**	**8,906,448**

These financial statements and other national disclosures on pages 16 to 63 were approved by the board of directors on 07 June 2024 and signed on its behalf by the directors listed below:

Olabode Makanjuola	Olusegun Adesuntola	Akin Kekere-Ekun
Chief Executive Officer	Ag. Chief Finance Officer	Director
FRC/2013/IODN/00000002456	FRC/2014/ICAN/00000009995	FRC/2015/CIBN/00000011600

The accompanying notes on pages 20 to 60 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

	Note	Group		Company	
		2023	2022	2023	2022
		₦'000	₦'000	₦'000	₦'000
Cash flows from operating activities					
Loss before taxation		(12,685,933)	(5,084,656)	(58,069)	(408,436)
Non-cash adjustments:					
Depreciation of property, plant and equipment	17	2,223,289	2,047,978	-	-
Depreciation of right-of-use assets	31	2,343,182	4,221,172	-	-
Amortisation of intangible assets	18	70,964	71,876	-	-
Adjustment to PP&E and Intangible assets	17 & 18	56,890	-	-	-
Minimum tax	13	168,736	148,617	-	-
Advance released into profit or loss		-	3,345	-	-
Government grant released into profit or loss	28	(43,568)	(19,804)	-	-
Effect of fx diff on borrowings & leases	27 & 31	20,790,828	(173,492)	-	-
Share of loss of an associate	19.1.4	4,889	240,145	-	-
Share of other comprehensive income of an associate	19.1.4	(155,823)	(1,692)	-	-
Gain on disposal of property, plant and equipment	10	(1,316,491)	(1,353,817)	-	-
Impairment loss on financial assets	8	2,378,708	402,307	2,950	-
Modification of right-of-use assets	31	(579,356)	(5,217,982)	-	-
Modification of lease liabilities	31	(3,128,676)	4,537,720	-	-
Finance costs	12	5,822,379	5,268,786	-	-
Finance income	11	(24,930)	(11,466)	-	-
		15,925,088	5,079,037	(55,119)	(408,436)
Working capital adjustment:					
Increase in inventories		(152,151)	(410,574)	-	-
Decrease/(increase) in trade and other receivables		6,518,977	(389,398)	(25,558)	395,035
Decrease in prepayments		192,598	734	-	-
Increase in contract assests		(18,366)	(1,436,303)	-	-
Increase/(decerease) in trade and other payables		6,621,377	(2,060,298)	16,123	16,284
Decrease in deferred income	28	-	190,115	-	-
Decrease in contract liabilities	29	(208,725)	(741,255)	-	-
		28,878,798	232,059	(64,554)	2,883
Income tax paid during the year	14.3	(59,999)	(115,554)	-	-
Net cash flows from/(used in) operating activities		**28,818,799**	**116,505**	**(64,554)**	**2,883**
Cash flows from investing activities					
Purchase of property, plant and equipment	17	(4,693,902)	(459,117)	-	-
Acquisition of intangible asset	18	(4,153)	(51)	-	-
Investment in bonds	23	(5,773)	(34,365)		
Proceeds from disposal of property, plant & equipment		2,560,564	3,886,900	-	-
Proceeds from disposal of assets held for sale		2,967,451	-	-	-
Finance income	11	24,930	11,466	-	-
Net cash generated from investing activities		**849,117**	**3,404,833**	**-**	**-**
Cash flows from financing activities					
Proceeds from loans and borrowings	27	6,548,639	9,280,611	-	-
Repayment of borrowings	27	(13,948,124)	(12,067,171)	-	-
Additions to lease liabilities in the year	31	4,177,518	-	-	
Payment of lease liabilities	31	(5,531,316)	(3,720,247)	-	-
Other finance expenses paid	12	(133,527)	-	-	
Interest on borrowings paid	27	(2,757,307)	(1,219,384)	-	-
Net cash used in financing activities		**(11,644,117)**	**(7,726,191)**	**-**	**-**
Net increase/(decrease) in cash and cash equivalents		18,023,799	(4,204,854)	(64,554)	2,883
Cash and cash equivalents at the beginning of the year		1,237,051	5,268,413	64,799	61,916
Effects of exchange rate on cash and bank balances		-	173,492	-	-
Cash and cash equivalents at the end of the year	24	**19,260,850**	**1,237,051**	**245**	**64,799**

The accompanying notes on pages 20 to 60 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

Group	Attributable to the equity holders of the parent						
	Issued Share capital ₦'000	**Share premium ₦'000**	**Retained earnings ₦'000**	***FC translation reserve ₦'000**	**Total ₦'000**	**Non - controlling interest ₦'000**	**Total Equity ₦'000**
As at 1 January 2023	**1,675,255**	**6,616,991**	**3,726,716**	**52,082**	**12,071,044**	**74,163**	**12,145,206**
Loss for the year	-	-	(12,654,132)	-	**(12,654,132)**	(93,449)	**(12,747,581)**
Other comprehensive income	-	-		(145,404)	**(145,404)**	143	**(145,261)**
Total comprehensive (loss)/income	-	-	(12,654,132)	(145,404)	**(12,799,536)**	(93,306)	**(12,892,841)**
As at 31 December 2023	**1,675,255**	**6,616,991**	**(8,927,416)**	**(93,322)**	**(728,492)**	**(19,143)**	**(747,635)**
As at 1 January 2022	**1,675,255**	**6,616,991**	**8,854,018**	**48,745**	**17,195,009**	**111,911**	**17,306,920**
Loss for the year	-	-	(5,127,302)	-	**(5,127,302)**	(37,782)	**(5,165,084)**
Other comprehensive income	-	-	-	3,337	**3,337**	33	**3,370**
Total comprehensive (loss)/income	**-**	**-**	**(5,127,302)**	**3,337**	**(5,123,965)**	**(37,748)**	**(5,161,714)**
As at 31 December 2022	**1,675,255**	**6,616,991**	**3,726,716**	**52,082**	**12,071,044**	**74,163**	**12,145,206**

**FC - Foreign currency*

Company	**Issued share capital ₦'000**	**Share premium ₦'000**	**Retained earnings ₦'000**	**Total ₦'000**
As at 1 January 2023	**1,675,255**	**6,616,991**	**(20,664)**	**8,271,582**
				-
Loss for the year	-	-	(58,069)	**(58,069)**
As at 31 December 2023	**1,675,255**	**6,616,991**	**(78,733)**	**8,213,513**
As at 1 January 2022	**1,675,255**	**6,616,991**	**387,772**	**8,680,018**
Loss for the year	-	-	(408,436)	(408,436)
As at 31 December 2022	**1,675,255**	**6,616,991**	**(20,664)**	**8,271,582**

The accompanying notes on pages 20 to 60 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1 Corporate information

Caverton Offshore Support Group Plc (the Company or the parent) is a limited liabilities company incorporated and domiciled in Nigeria. The registered office is located at 1, Prince Kayode Akingbade Close, Off Muri Okunola Street, Victoria Island, Lagos, Nigeria.The Group is principally engaged in the provision of offshore services to the oil and gas industry, harbour and general marine operations; and the provision of charter, shuttle and maintenance services of helicopters and airplanes to third parties. Information on the Group's structure and other related party relationships of the Group is provided in Note 32.

The consolidated and separate financial statements of Caverton Offshore Support Group Plc and its subsidiaries (collectively, the Group) for the year ended 31 December 2023 were authorized for issue in accordance with a resolution of the directors on 07 June 2024.

2 Material accounting policies

2.1 Basis of preparation

The Group prepared its consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated and separate financial statements also comply with the requirements of the Companies and Allied Matters Act, 2020 and Financial Reporting Council of Nigeria (Amendment) Act 2023. The consolidated and separate financial statements have been prepared on a going concern basis.

Functional and presentation currency

The consolidated and separate financial statements have been prepared on a historical cost basis. The consolidated and separate financial statements are presented in Naira, which is the Group's functional currency and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

Composition of financial statements

The financial statements comprise:

- Consolidated and separate statement of profit or loss and other comprehensive income
- Consolidated and separate statement of financial position
- Consolidated and separate statement of changes in equity
- Consolidated and separate statement of cash flows
- Notes to the Consolidated and separate financial statements

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.3 Summary of material accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate are accounted for using the equity method.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.3 Summary of material accounting policies (continued)

b) Investment in associates (continued)

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c) Fair value measurement

The Group measures financial instruments such equity financial assets, and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

d) Revenue from contracts with customers

The Group is in the business of providing aviation and marine services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.3 Summary of material accounting policies (continued)

d) Revenue from contracts with customers (continued)

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Provision of aviation services

Revenue from providing aviation services is earned from providing aircraft charter service, shuttle service, and maintenance of helicopters. These revenue are recognised over time since the customer simultaneously receives and consumes the benefit provided by the Group. Satisfactory performance of the service is measured using an output method based on flight hours provided and the associated charge per hour.

Provision of marine services

Revenue from providing marine services is eaned from the provision of agency service, boat building, boat maintenance and boat operations services. These revenue are recognised over time since the customer simultaneously receives and consumes the benefit provided by the Group. Satisfactory performance of the service is measured using an output method based on total quantity of goods discharged on behalf of customers and rate charged to customers.

The Group has decided to use the practical expedient since the right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date, the Group recognise revenue in the amount to which it has a right to invoice. The normal credit term is 30 to 90 days upon performance of service.

Significant financing component

Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised service to the customer and when the customer pays for that service will be one year or less.

Contract balances

- **Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

- **Trade receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies for financial assets under financial instruments – initial recognition and subsequent measurement.

- **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

e) Government grants

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

When loans are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is recognised as government grant which is the difference between the market rate and the below market rate of the loan. The grant element is being deferred and recognised in profit or loss on a systematic basis over the tenor of the loan as this is the period the grant relates.

f) Corporate taxes

Current income tax

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. The Group is subject to education tax and CITA. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in the profit or loss.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.3 Summary of material accounting policies (continued)

f) Corporate taxes (continued)

Deferred taxation

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised or there is sufficient future taxable temporary differences, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Value Added Tax

Expenses and assets are recognised net of the amount of Value Added tax, except:

- When the Value Added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the Value Added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of Value Added tax included

The net amount of Value Added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

g) Foreign currencies

The Group's consolidated financial statements are presented in Naira, which is also the parent Group's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.3 Summary of material accounting policies (continued)

g) Foreign currencies (continued)

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into naira at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the cumulative translation gain/loss relating to that particular foreign operations disposed is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

h) Dividend distributions

The Group recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and is no longer at the discretion of the Group.

i) Property, plant and equipment

All property, plant and equipment are initially recognised at cost and subsequently stated at historical cost less accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The straight-line method is used to depreciate the cost less any estimated residual value of the assets over their expected useful lives.

The Group estimates the useful lives of assets in line with their beneficial periods. Where a part of an item of property, plant and equipment has different useful life and is significant to the total cost, the cost of that item is allocated on a component basis among the parts and each part is depreciated separately. The useful lives of the Group's property, plant and equipment for the purpose of depreciation are as follows:

Asset category	Years
Leasehold land	87
Building and structures	15 - 40
Aircraft	8 - 10
Vessels	5 - 15
Plant and machinery	3 - 10
Aircraft equipment	15 - 20
Motor vehicle	3
Furniture, fittings and office equipment	4

An item of property, plant and equipment and any significant part initially recognised is derecognised upon 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 and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of each item of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.3 Summary of material accounting policies (continued)

j) Assets held for sale

Non-current assets and groups of assets and liabilities which comprise disposal groups are classified as 'held for sale when their carrying amount will be recoverable principally through a sale transaction rather than through continuing use. In order to be classified as a 'held for sale' asset or disposal group, the sale must be highly probable and the assets must be available for sale immediately in their present condition. In addition all of the following criteria must also be met: management is committed to the plan to sell; the assets are being actively marketed; actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn; and a sale has been agreed or is expected to be concluded within 12 months of the balance sheet date.

Immediately prior to classification as held for sale, the value of the assets or groups of assets is re-measured in accordance with the requirements of IFRS 5. Subsequently, assets and disposal groups classified as held for sale are measured at the lower of book value or fair value less disposal costs. Assets held for sale are neither depreciated nor amortised.

k) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets (ROU)

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Aircraft 5 to 10 years
- Office and residential buildings 2 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (s) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date when the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in Interest-bearing loans and borrowings (see Note 29).

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of motor vehicles, residential apartments and some warehouses (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option and extension options). The Group does not have any leased assets categorised as low-value assets. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.3 Summary of material accounting policies (continued)

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalized as part of the cost of the respective assets. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. Where surplus funds are available for a short term out of money borrowed specifically to finance a project, the income generated from the temporary investment is deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the year.

m) Intangible assets

Intangible assets include purchased computer software and software licences with finite useful lives. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period.
Amortisation is calculated using the straight-line method over 4 years.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates which are accounted for prospectively. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

n) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition as, amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies on revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. The business model test is done at entity level.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.3 Summary of material accounting policies (continued)

i) Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and due from related parties.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

The revenue growth rate was 10% all the projected years, the projected annual revenue growth included in the cash flow projections for the years 2023 - 2027 has been based on growth rate of five years.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if any).

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The gross margin was projected as 13.11% in 2023, 17.06% in 2024, 20.83% in 2025 24.43% in 2026 and 27.86% in 2027.

For fixed deposits and staff loans, the Group applies general approach in calculating ECLs. It is the Group's policy to measure ECLs on such asset on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.3 Summary of material accounting policies (continued)

Impairment of financial assets (continued)

The Group calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The revenue growth rate was based on 10% (Agency Service Income & Freight Income) for all the projected years. The anticipated annual revenue

- The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon.
- The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise.
- The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Group considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs, EADs and LGDs. In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Oil price
- Exchange rate
- Inflation rate

Write-offs

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, and at amortised costs. All financial liabilities are recognised initially at fair value net of directly attributable transaction costs.

The Group's financial liabilities comprises financial liabilities measured at amortised cost.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

This category generally applies to interest-bearing loans and borrowings.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.3 Summary of material accounting policies (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

o) Inventories

Inventories are defined as assets held for sale in the ordinary course of business or in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. The Group's inventories primarily consist of spare parts and tools (consumables within one accounting period). Cost of inventory represents purchase cost including freight and other incidental expenses.

Inventories are measured at the lower of cost (determined on a first in first out ('FIFO') basis) and net realizable value. Inventory costs include purchase price, freight inwards and transit insurance charges and other directly attributable costs incurred in bringing inventories to present location and condition. Where appropriate, allowance is made for slow moving, obsolete and defective stock based on management's estimates on the usability of those stocks.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

p) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit and loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit and loss.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful life are tested for impairment annually as at 31 December either individually or at the CGU level, as appropriate. All intangible assets are tested for impairment when circumstances indicate that the carrying value may be impaired.

q) Cash and bank balances

Cash and bank balances in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less from the date of acquisition and restricted cash. For the purpose of the cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.3 Summary of material accounting policies (continued)

r) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Group, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

s) Pensions and other post-employment benefits

The Group operates a defined contribution plan in line with the provisions of the Pension Reform Act 2014. This plan is in proportion to the services rendered to the Group by the employees with no further obligation on the part of the Group.

The Group and its employees each contribute a minimum of 10% and 8% respectively of employee's total emoluments. Staff contributions to the scheme are funded through payroll deductions while the group's contribution is recorded as personnel expenses in the profit or loss.

t) Key management personnel

For the purpose of related party disclosures, key management personnel are those who have authority and responsibility for planning, directing and controlling the activities of Group. For Caverton Offshore Support Group, key management personnel are considered to be designations from Director Level at the Group.

u) Earnings per share

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

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

v) Except when a standard or interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.
Where IAS 8 applies, comparative figures have been adjusted to conform with changes in presentation in the current year

2.4 Changes in accounting policies and disclosures

New standards, amendments and interpretations applicable 1 January 2023

New standards and amendments to standards and interpretations are effective for the current reporting period. The impact of the adoption of these standards and the new accounting policies are disclosed below:

a) IFRS 17 - Insurance contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply.

The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by: • A specific adaptation for contracts with direct participation features (the variable fee approach) • A simplified approach (the premium allocation approach) mainly for short-duration contracts. The new standard had no impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.4 Changes in accounting policies and disclosures (continued)

b) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

c) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's consolidated financial statements.

d) International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

'The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and

- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's consolidated financial statements.

e) Amendments to IAS 8- Definition to Accounting Estimates

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's consolidated financial statements.

2.5 New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

a) Amendments to IFRS 16: Lease Liability in a Sale and Leaseback [effective 1 January 2024]

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

b) Supplier finance arrangements – Amendments to IAS 7 and IFRS 7 [effective 1 January 2024]

The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs.

The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

2.5 New standards, amendments and interpretations not yet adopted (continued)

c) Amendments to IAS 1: Classification of Liabilities as Current or Non-current [effective 1 January 2024]

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right, and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. The amendment is not expected to have a material impact on the Group.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

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

Determining the lease term of contracts with renewal – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of office and residential buildings with shorter non-cancellable period of one to two years. Also, the renewal periods for leases of aircraft with longer non-cancellable periods of three to seven years are included as part of the lease term as these are also reasonably certain to be exercised as well. The Group typically exercises its option to renew for these leases because there will be a significant negative effect on services rendered if a replacement asset is not readily available. Furthermore, there are no periods covered by termination options that are included as part of the lease term of the Group.

Discount rate used to determine the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the Group's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Group's stand-alone credit rating).

3 Significant accounting judgements, estimates and assumptions (continued)

Discount rate used to determine the incremental borrowing rate (continued)

The Group estimates the IBR using the following steps:

Step 1: Reference rate: This is generally a government bond reflecting risk free rate. Repayment profile was considered when aligning the term of the lease with the term for the source of the reference rate.

Step 2: Financing spread adjustment: Use of credit spreads from debt with the appropriate term by considering Group's stand-alone credit rating or similar Group credit rating.

Step 3: Lease specific adjustment: Use of market yield for the leased assets, as an additional data point and to sense-check the overall IBRs calculated.

Measurement of the expected credit loss allowance for financial asset

The measurement of the expected credit loss allowance for financial assets measured at amortised cost (due from related companies) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future. The information about the ECLs on the Group’s trade and other receivables is disclosed in Note 32.

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of financial assets

Property, plant and equipment (PPE)

The Group carries its property, plant and equipment at cost in the statement of financial position. Estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group’s financial position and performance. The charge in respect of periodic depreciation is derived after determining an estimate of an asset’s expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the assets are determined by management at the time the asset is acquired and reviewed annually. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The Group reviewed and estimated the useful lives and residual values of its property, plant and equipment, and account for such changes prospectively. The information about the PPE is disclosed in Note 17.

Impairment of goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset’s performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. For assumptions and estimates relating to the impairment of goodwill refer to Note 19.2.

Income taxes

Given uncertainties exist with respect to the interpretation of complex tax regulations coupled with the amount and timing of future taxable income as well as the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible tax implications that may result in tax liabilities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the prevailing circumstances. The information about the income taxes is disclosed in Note 14.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Group is able to satisfy the continuing ownership test. The Group believes that there would be sufficient future taxable profits.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

4 Segment information

For management purposes, the Group is organized into business units based on its services and two reportable segments, as follows:

The Aviation and Marine segments provide helicopter and marine services respectively to operators in the Oil and Gas industry and other sundry customers. The Company's management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated and separate financial statements.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below. The sources of revenue from all other segments relate to dividend income from its investment.

Segment profit or loss - 2023	**Aviation services ₦'000**	**Marine services ₦'000**	**Other segment ₦'000**	**Total segments ₦'000**	**Adjustments and eliminations ₦'000**	**Consolidated ₦'000**
Revenue						
External customers	30,415,630	1,573,181	-	31,988,811	-	31,988,811
Inter-segment	-	-	-	-	-	-
Total revenue	30,415,630	1,573,181	-	31,988,811	-	31,988,811
Depreciation and amortization	4,585,963	51,472	-	4,637,435	-	4,637,435
Impairment loss	2,400,936	7,264	2,950	2,411,150	(32,442)	2,378,708
Finance cost	5,822,379	-	-	5,822,379	-	5,822,379
Finance income	24,930	-	-	24,930	-	24,930
Segment (loss)/profit	(12,286,452)	316,048	(811,030)	(12,781,434)	33,997	(12,747,437)
Total assets	71,690,390	4,465,599	8,864,501	85,020,490	(5,702,112)	79,318,378
Total liabilities	(80,803,219)	(1,859,265)	(650,988)	(83,313,472)	3,247,459	(80,066,013)
Other disclosures						
Capital expenditure	4,693,902					

Segment profit or loss - 2022	**Aviation services ₦'000**	**Marine services ₦'000**	**Other segment ₦'000**	**Total segments ₦'000**	**Adjustments and eliminations ₦'000**	**Consolidated ₦'000**
Revenue						
External customers	28,427,064	801,115	-	29,228,179	-	29,228,179
Inter-segment	-	-	-	-	-	-
Total revenue	28,427,064	801,115	-	29,228,179	-	29,228,179
Depreciation and amortization	6,289,921	51,105	-	6,341,026	-	6,341,026
Impairment loss	306,652	95,655	-	402,307	-	402,307
Finance cost	5,268,786	-	-	5,268,786	-	5,268,786
Finance income	45,831	-	-	45,831	-	45,831
Segment (loss)/profit	(3,987,826)	53,078	(408,436)	(4,343,184)	(821,900)	(5,165,084)
Total assets	62,992,682	4,465,500	8,906,449	76,364,631	(1,908,255)	74,456,376
Total liabilities	62,440,079	2,175,215	634,866	65,250,160	(2,938,990)	62,311,170
Other disclosures						
Capital expenditure	459,117					

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

4 Segment information (continued)

Adjustments and eliminations (continued)

Capital expenditure consists of additions of property, plant and equipment, intangible assets, including assets from the acquisition of subsidiaries. Inter-segment revenues are eliminated on consolidation.

Reconciliation of loss	**2023 ₦'000**	**2022 ₦'000**
Segment loss	(12,781,434)	(4,343,184)
Inter-segment transactions	33,997	(821,900)
Elimination of inter segment revenue	-	-
Loss after tax	(12,747,437)	(5,165,084)
Reconciliation of assets		
Segment operating assets	72,405,098	67,471,455
Deferred tax assets	155,578	190,524
Goodwill	6,026,909	6,026,909
Receivables from related party	730,793	767,488
Total assets	79,318,378	74,456,376
Reconciliation of liabilities		
Segment operating liabilities	23,051,611	16,225,330
Deferred income	79,214	122,782
Income tax payable	1,143,813	1,008,518
Interest bearing loans and borrowings	39,505,374	32,043,514
Lease liabilities	14,463,883	10,675,279
Payables from related party	1,822,118	2,235,747
Total liabilities	80,066,013	62,311,170

5 Revenue from contracts with customers

	Group		**Company**	
	2023 ₦'000	**2022 ₦'000**	**2023 ₦'000**	**2022 ₦'000**
Flight contract	24,842,782	25,344,173	-	-
Helicopter Charter	1,784,154	3,073,834	-	-
Boat building/charter income	1,355,759	678,140	-	-
Agency service income	217,422	122,975	-	-
Helicopter maintenance	3,788,694	9,057	-	-
	31,988,811	29,228,179	-	-

5.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Segments		**For the year ended 31 December 2023**				
Geographical markets	**Total ₦'000**	**Helicopter charter ₦'000**	**Helicopter maintenance ₦'000**	**Flight contract ₦'000**	**Charter income ₦'000**	**Agency income ₦'000**
Within Nigeria	31,988,811	1,784,154	3,788,694	24,842,782	1,355,759	217,422
Outside Nigeria	-	-	-	-	-	-
Total revenue from contracts with customers	31,988,811	1,784,154	3,788,694	24,842,782	1,355,759	217,422

Segments		**For the year ended 31 December 2023**				
Timing of revenue recognition	**Total ₦'000**	**Helicopter charter ₦'000**	**Helicopter maintenance ₦'000**	**Flight contract ₦'000**	**Charter income ₦'000**	**Agency income ₦'000**
Goods transferred at a point in time	-	-	-	-	-	-
Services transferred over time	31,988,811	1,784,154	3,788,694	24,842,782	1,355,759	217,422
Total revenue from contracts with customers	31,988,811	1,784,154	3,788,694	24,842,782	1,355,759	217,422

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

5.1 Disaggregated revenue information (continued)

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Segments		For the year ended 31 December 2022				
Geographical markets	**Total ₦'000**	**Helicopter charter ₦'000**	**Helicopter maintenance ₦'000**	**Flight contract ₦'000**	**Charter income ₦'000**	**Agency income ₦'000**
Within Nigeria	28,860,422	3,073,834	9,057	24,976,416	678,140	122,975
Outside Nigeria	367,757	-	-	367,757	-	-
Total revenue from contracts with customers	29,228,179	3,073,834	9,057	25,344,173	678,140	122,975

Segments		For the year ended 31 December 2022				
Timing of revenue recognition	**Total ₦'000**	**Helicopter charter ₦'000**	**Helicopter maintenance ₦'000**	**Flight contract ₦'000**	**Charter income ₦'000**	**Agency income ₦'000**
Goods transferred at a point in time	-	-	-	-	-	-
Services transferred over time	29,228,179	3,073,834	9,057	25,344,173	678,140	122,975
Total revenue from contracts with customers	29,228,179	3,073,834	9,057	25,344,173	678,140	122,975

5.1.1 Performance obligations

Information about the Group’s performance obligations are summarised below:

Helicopter charter

The performance obligation is satisfied over-time and payment is generally due upon transporting customers to agreed location.

Helicopter maintenance

The performance obligation is satisfied over-time and payment is generally due upon completion of maintenance and acceptance of the customer.

Flight contract

The performance obligation is satisfied over-time and payment is generally due upon transporting customers to agreed location.

Boat building/charter income

The performance obligation is satisfied over-time and payment is generally due upon delivery against agreed milestones.

Agency service income

The performance obligation is satisfied overtime based on agreed milestone with the customer.

	Group	
Contract balances	**2023 ₦'000**	**2022 ₦'000**
Trade receivables (Note 21)	3,115,161	6,292,638
Contract liabilities (Note 29)	-	208,725

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. Trade receivables have been presented net of impairment allowance.

Contract liabilities include advances received from customers for which related services have not been fully delivered by the Group.

5.2 Dividend income

No dividend income was received in the year (2022: Nil).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

6 Cost of sales

	Group 2023 ₦'000	Group 2022 ₦'000	Company 2023 ₦'000	Company 2022 ₦'000
Consumables	12,246,905	11,050,635	-	-
Employee benefit expense (Note 7.2)	7,738,061	8,056,827	-	-
Depreciation of right-of-use assets (Note 31.1)	2,306,884	3,934,125	-	-
Aircraft insurance premium	1,779,100	1,742,591	-	-
Depreciation of property, plant and equipment (Note 17.3)	367,351	737,236	-	-
Other cost of sales	389,093	21,178	-	-
	24,827,394	25,542,592	-	-

Consumables consists of aircraft spare parts, aviation fuels, freight and courier services, protocol and immigrations expenses, etc.

Included in cost of sales is the depreciation of aircraft and ground equipment, which were mapped to administrative expenses in prior year.

7 Administrative expenses

	Group 2023 ₦'000	Group 2022 ₦'000	Company 2023 ₦'000	Company 2022 ₦'000
Employee benefit expense (Note 7.2)	2,718,099	1,300,643	103,233	54,450
Depreciation of property, plant and equipment (Note 17.3)	1,855,938	1,310,742	-	-
Legal and professional fees	924,132	363,802	-	2,450
Other expenses	882,234	301,844	148	318,792
Bank charges	830,484	185,536	165	175
Transport and travels	684,391	248,818	-	-
Fuel and diesel	503,213	107,163	-	-
Insurance	466,836	15,230	-	-
Subscriptions	307,734	20,814	-	-
Other taxes and duties	228,090	3,314	-	-
Repairs and maintenance	245,979	214,427	-	3,019
Security	221,343	105,000	-	-
Entertainment	167,824	157,937	-	-
Communication	137,713	78,355	-	-
Printing expenses	108,805	7,173	-	-
Business development	88,915	2,731	-	350
Licence and levy	66,829	161,923	-	-
Amortisation of intangible asset (	70,964	71,876	-	-
Audit fee	60,515	51,004	16,356	10,000
General office expenses	55,540	21,074	100	-
Depreciation of right-of-use assets (Note 31.1)	36,298	287,047	-	-
Sanitation	30,759	23,342	-	-
Directors emolument (Non-executive) (Note 32(iv))	27,400	19,200	15,300	19,200
Donations	17,450	12,873	-	-
Short-term leases	-	45,430	-	-
	10,737,485	5,117,298	135,302	408,436

Other expenses consist of electricity, business development, advertisement, freight and courier; and other miscellaneous expenses incurred by the Group and the Company during the year.

The external auditors did not provide any non-audit services to the parent Company or any of it subsidiaries in the year (2022: Nil).

7.1 Other professionals

Details of other professionals that rendered service towards the delivery of the financial statements are as follows:

Name of signer	FRC number	Name of firm	Registration number of firm	Services rendered	Agreed fees (N'000)
Temitope A. Samagbeyi	FRC/2013/ICAN/00000004820	Enrst & Young	BN 2066245	Tax advisory services	3,500
Ben K. Afudego	Not available	Enrst & Young	BN 2066245	ICFR Support	9,675

7.2 Employees benefit expense

	Group 2023 ₦'000	Group 2022 ₦'000	Company 2023 ₦'000	Company 2022 ₦'000
Salaries and wages	8,273,329	8,162,842	-	-
Directors emoluments - Executive (Note 32(iv))	520,089	489,506	103,233	54,450
Contribution to pension fund	172,739	183,551	-	-
Allowances and other staff related expenses	1,490,003	521,571	-	-
	10,456,160	9,357,470	103,233	54,450

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

7.2 Employees benefit expense (continued)

Employees bebefit expenses have been recognised as follows:	Group 2023 ₦'000	Group 2022 ₦'000	Company 2023 ₦'000	Company 2022 ₦'000
Cost of sales (Note 6)	7,738,061	8,056,827	-	-
Administrative expenses (Note 7)	2,718,099	1,300,643	103,233	54,450
	10,456,160	9,357,470	103,233	54,450

The average number of persons employed by the Group during the financial year were as follows:

	Group 2023 Number	Group 2022 Number	Company 2023 Number	Company 2022 Number
Finance and administration	248	83	-	1
Operations	150	109	-	-
Engineering	129	101	-	-
	527	293	-	1

The number of employees that received fees and other emolument in the following ranges was:

Category	Group 2023	Group 2022	Company 2023	Company 2022
N300,000 - N2,500,000	231	116	-	-
N2,500,001 - N5,000,000	93	27	-	-
N5,000,001 - N10,000,000	66	45	-	-
N10,000,001 - N20,000,000	16	73	-	-
N20,000,001 - N50,000,000	22	28	-	-
N50,000,001 - N85,000,000	34	2	-	1
N85,000,000 and above	65	2	-	-
	527	293	-	1

8 Impairment loss

The table below shows the ECL charges on financial instruments for the year recorded in the statement of profit or loss:

2023	Group			Company		
	Stage 1 Collective ₦'000	Simplified Model ₦'000	Total ₦'000	Stage 1 Collective ₦'000	Simplified Model ₦'000	Total ₦'000
Trade receivables (Note 21.1)	-	2,378,708	2,378,708	-	-	-
Due from related parties	-	-	-	2,950	-	2,950
	-	2,378,708	2,378,708	2,950	-	2,950

2022	Group			Company		
	Stage 1 Collective ₦'000	Simplified Model ₦'000	Total ₦'000	Stage 1 Collective ₦'000	Simplified Model ₦'000	Total ₦'000
Trade receivables	-	402,307	402,307	-	-	-
Due from related parties	-	-	-	-	-	-
	-	402,307	402,307	-	-	-

9 Other gain/(loss)

	Group 2023 ₦'000	Group 2022 ₦'000	Company 2023 ₦'000	Company 2022 ₦'000
Exchange gain	1,015,725	1,279,106	80,183	-
Exchange loss	(3,135,867)	(351,965)	-	-
Net other (loss)/gain	(2,120,142)	927,141	80,183	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

10 Other income

	Group		Company	
	2023	2022	2023	2022
	₦'000	₦'000	₦'000	₦'000
Profit on disposal of items of property, plant and equipment	1,316,491	1,353,817	-	-
Sundry income	-	62,630	-	-
Government grant income (Note 28)	43,568	19,804	-	-
	1,360,059	1,436,251	-	-

Sundry income represents retainership fee from medical evacuation service and income from training service rendered to organizations.

Government grant income relates to the amortisation of the day one (1) fair value gain on the lower than market rate borrowing obtained from the Bank of Industry (see details in note 28).

11 Finance income

	Group		Company	
	2023	2022	2023	2022
	₦'000	₦'000	₦'000	₦'000
Interest income on short term investment securities (Note23)	24,930	34,365	-	-
Interest income on bank deposits	-	11,466	-	-
	24,930	45,831	-	-

12 Finance costs

	Group		Company	
	2023	2022	2023	2022
	₦'000	₦'000	₦'000	₦'000
Interest on debts and borrowings (Note 27(c))	2,990,329	3,224,708	-	-
Other finance charges	133,527	-	-	-
Interest on lease liabilities (Note 31.2)	2,698,523	2,044,078	-	-
	5,822,379	5,268,786	-	-

13 Minimum tax

	Group		Company	
	2023	2022	2023	2022
	₦'000	₦'000	₦'000	₦'000
Minimum tax	168,736	148,617	-	-

Minimum tax is calculated as 0.5% of gross turnover less franked investment income.

14 Income tax

14.1 *Income tax expense*

	Group		Company	
	2023	2022	2023	2022
	₦'000	₦'000	₦'000	₦'000
Company income tax	19,953	26,488	-	-
Education tax	5,986	6,622	-	-
Police Trust Fund	12	7	-	-
National Agency for Science and Engineering Infrastructure	607	333	-	-
	26,558	33,450	-	-
Deferred tax charge to the profit or loss	34,946	46,978	-	-
Income tax charge reported in profit or loss	61,504	80,428	-	-

14.2 Reconciliation of effective tax rate

Reconciliation between tax expense and the product of accounting profit multiplied by Caverton's domestic tax rate for the year ended 31 December 2023 and 2022 is as follows:

	Group		Company	
	2023	2022	2023	2022
	₦'000	₦'000	₦'000	₦'000
Accounting (loss)/profit before tax	(12,685,933)	(5,084,656)	(58,069)	(408,436)
Statutory income tax @ 30%	(3,805,780)	(1,525,397)	(17,421)	(122,531)
Impact of non-taxable income	-	(172,188)	-	-
Education tax @ 2% of assessable profit	5,986	6,622	-	-
Prior year unrecognised timing differences now realised	761,217	(1,328,411)	-	-
Police Trust Fund	12	7	-	-
National Agency for Science and Engineering Infrastructure	607	333		-
Items giving rise to temporary difference not recognised	3,099,462	3,099,462	17,421	122,531
Income tax expense reported in statement of profit or loss	61,504	80,428	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

14 Income tax (continued)

14.3 Income tax payable per statement of financial position

	Group 2023 ₦'000	Group 2022 ₦'000	Company 2023 ₦'000	Company 2022 ₦'000
At 1 January	1,008,518	942,005	4,983	4,983
Tax charge for the year	26,558	33,450	-	-
Minimum tax	168,736	148,617	-	-
Payments during the year	(59,999)	(115,554)	-	-
At 31 December	1,143,813	1,008,518	4,983	4,983

14.4 Deferred tax relates to the following:

a) **Reconciliation of deferred tax (asset)/liabilities**

	Group 2023 ₦'000	Group 2022 ₦'000	Company 2023 ₦'000	Company 2022 ₦'000
At 1 January	(190,524)	(237,502)	-	-
Charge for the year recognised in profit or loss	34,946	46,978	-	-
At 31 December	(155,578)	(190,524)	-	-

b) The items of temporary difference as as follows:

	Group 2023 ₦'000	Group 2022 ₦'000	Company 2023 ₦'000	Company 2022 ₦'000
Property, plant and equipment	(86,753)	649,381	-	-
Unrealised exchange difference	-	(675,023)	-	-
Credit loss allowance	(68,825)	(164,882)	-	-
At 31 December	(155,578)	(190,524)	-	-
Deferred tax assets can be further analysed as follows:				
To be utilised within a year	(68,825)	(839,905)	-	-
To be utilised for more than one year	(86,753)	649,381	-	-
Net deferred tax assets	(155,578)	(190,524)	-	-

The group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Group/Company had an unrecognised deferred tax asset of N7.6 billion/N365 million (2022: N3.1 billion/N429million) arising from unutilised tax losses, capital allowances and provisions. The deferred tax asset have not been recognised due to uncertainty regarding the timing and amount of future taxable income to utilise the assets.

15 Other comprehensive income

	Group 2023 ₦'000	Group 2022 ₦'000	Company 2023 ₦'000	Company 2022 ₦'000
Exchange gain on translation of foreign operations	(155,823)	1,678	-	-
Share of other comprehensive income of an associate	10,419	1,692	-	-
	(145,404)	3,370	-	-

16 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Group and Company by the weighted average number of ordinary shares in issue during the year.

	Group 2023	Group 2022	Company 2023	Company 2022
Loss attributable to equity holders (Parent) (₦'000)	(12,654,132)	(5,127,302)	(58,069)	(408,436)
Average number of shares issued ('000)	3,350,510	3,350,510	3,350,510	3,350,510
Basic/diluted earnings per share (₦)	(3.78)	(1.53)	(0.02)	(0.12)

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

17 Property, plant and equipment

Group	Leasehold land ₦'000	Building structures ₦'000	Aircraft ₦'000	Plant and machinery ₦'000	Aircraft equipment ₦'000	Motor vehicles ₦'000	Furniture fittings & Office equipment ₦'000	Construction WIP ₦'000	Total ₦'000
Costs									
At 1 January 2023	**6,005,965**	**7,115,521**	**4,554,674**	**5,762,175**	**1,926,824**	**366,206**	**1,556,663**	**-**	**27,288,028**
Additions in the year	-	-	-	3,220	-	58,338	56,443	4,575,901	4,693,902
Disposals in the year	-	-	(4,551,671)	-	-	-	-	-	(4,551,671)
At 31 December 2023	**6,005,965**	**7,115,521**	**3,003**	**5,765,395**	**1,926,824**	**424,544**	**1,613,106**	**4,575,901**	**27,430,259**
At 1 January 2022	**5,470,965**	**4,097,109**	**17,291,277**	**129,265**	**318,781**	**342,706**	**496,549**	**11,418,862**	**39,565,514**
Additions in the year	-	380,000	-	18,310	2,809	23,500	4,705	29,793	459,117
Disposals in the year	-	-	(6,626,248)	-	-	-	-	-	(6,626,248)
Reclassifications	535,000	2,638,412	-	5,614,600	1,605,234	-	1,055,409	(11,448,655)	-
Transfer to assets held for sale (Note 25)	-	-	(6,110,355)	-	-	-	-	-	(6,110,355)
At 31 December 2022	**6,005,965**	**7,115,521**	**4,554,674**	**5,762,175**	**1,926,824**	**366,206**	**1,556,663**	**-**	**27,288,028**
Accumulated depreciation									
At 1 January 2023	**568,288**	**2,701,335**	**3,321,808**	**669,844**	**239,405**	**327,111**	**730,714**	**-**	**8,558,505**
Charge for the year	68,580	338,054	31,912	1,136,820	335,439	23,460	289,024	-	2,223,289
Disposal	-	-	(3,307,598)	-	-	-	-	-	(3,307,598)
Other adjustments	-	-	(46,122)	(36)	46,146	26,943	25,756	-	52,687
At 31 December 2023	**636,868**	**3,039,389**	**-**	**1,806,628**	**620,990**	**377,514**	**1,045,494**	**-**	**7,526,883**
At 1 January 2022	**505,112**	**2,366,267**	**9,268,119**	**91,016**	**192,785**	**280,762**	**443,393**	**-**	**13,147,454**
Charge for the year	63,176	335,068	690,616	578,828	46,620	46,349	287,321	-	2,047,978
Disposal	-	-	(4,093,165)	-	-	-	-	-	(4,093,165)
Transfer to assets held for sale (Note 25)			(2,543,762)						(2,543,762)
At 31 December 2022	**568,288**	**2,701,335**	**3,321,808**	**669,844**	**239,405**	**327,111**	**730,714**	**-**	**8,558,505**
Net Book Value									
At 31 December 2023	**5,369,097**	**4,076,132**	**3,003**	**3,958,767**	**1,305,834**	**47,030**	**567,612**	**4,575,901**	**19,903,376**
At 31 December 2022	**5,437,677**	**4,414,186**	**1,232,866**	**5,092,331**	**1,687,419**	**39,095**	**825,949**	**-**	**18,729,523**

Some Aircraft are used as collateral for borrowing. There is also a legal mortgage on landed properties and MRO facility of the Group and a fixed Debenture over the Company assets.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

17 Property, plant and equipment (continued)

Company	Furniture ₦'000	Plant and machinery ₦'000	Motor vehicles ₦'000	Office equipment ₦'000	Total ₦'000
Costs					
At 1 January 2023	**180**	**2,840**	**8,720**	**435**	**12,175**
At 31 December 2023	**180**	**2,840**	**8,720**	**435**	**12,175**
At 1 January 2022	**180**	**2,840**	**8,720**	**435**	**12,175**
At 31 December 2022	**180**	**2,840**	**8,720**	**435**	**12,175**
Accumulated depreciation					
At 1 January 2023	**180**	**2,840**	**8,720**	**435**	**12,175**
Charge for the year	-	-	-	-	-
At 31 December 2023	**180**	**2,840**	**8,720**	**435**	**12,175**
At 1 January 2022	**180**	**2,840**	**8,720**	**435**	**12,175**
Charge for the year	-	-	-	-	-
At 31 December 2022	**180**	**2,840**	**8,720**	**435**	**12,175**
Net book value					
At 31 December 2023	-	-	-	-	-
At 31 December 2022	-	-	-	-	-

The above assets are fully depreciated. However, the management is of the opinion that the benefit to be derived from continuous use is insignificant.

17.1 Impairment losses recognised in the year - Group and Company

Management has assessed its items of property, plant and equipment for impairment indicator and has not identified any impairment indicators as at the reporting date. Therefore, no impairment loss was recognised during the year (2022: Nil).

17.2 Contractual commitments - Group and Company

At 31 December 2023, there was no contractual commitments for the acquisition of property, plant and equipment (2022: Nil).

17.3 Analysis of depreciation expense

	Group 2023 N'000	Group 2022 N'000
Depreciation for the year has been recognised in profit or loss as follows:		
Cost of sales (Note 6)	367,351	737,236
Administrative expenses (Note 7)	1,855,938	1,310,742
	2,223,289	**2,047,978**

18 Intangible assets

	Group 2023 ₦'000	Group 2022 ₦'000	Company 2023 ₦'000	Company 2022 ₦'000
Costs				
At 1 January	333,436	333,385	-	-
Additions in the year	4,153	51	-	-
At 31 December	337,589	333,436	-	-
Accumulated amortisation				
At 1 January	171,959	100,083	-	-
Charge for the year	70,964	71,876	-	-
Adjustment in the year	4,203	-	-	-
At 31 December	247,126	171,959	-	-
Net book value				
At 31 December	**90,463**	**161,477**	**-**	**-**

Intangible assets relates to acquired accounting software and are amortised over four (4) years.

Capitalised borrowing costs

No interest cost was capitalized during the year (2022: Nil).

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

19 Business combination

19.1 Group information

19.1.1 Information about subsidiaries and associates

Name	Nature	Principal activities	Year of Incorporation	Country of incorporation	Percentage equity interest 2023	2022
Caverton Helicopters Limited	Subsidiary	Provision of charter, shuttle and maintenance services of helicopters and airplanes to third parties.	12 September 2002	Nigeria	99.00%	99.00%
Caverton Marine Limited	Subsidiary	Harboring and general marine operations.	28 July 1999	Nigeria	99.00%	99.00%
Caverton Helicopter Cameroon (COTCO)*	Subsidiary of subsidiary	Provision of charter, shuttle and maintenance services of helicopters and airplanes to third parties.	2012	Cameroon	100.00%	100.00%
Caverton Aviation Cameroon (CAC)**	Associate of subsidiary	The company is engaged in the business of transportation of oil and gas personnel onshore and offshore by air.	23 January 2012	Cameroon	49.00%	49.00%
Caverton Offshore Support Group (Ghana) Limited	Associate	Manufacturer and dealer in aircraft, and provision of charter, shuttle and maintenance services of helicopters and airplanes to third parties.	12 April 2011	Ghana	49.00%	49.00%

*Caverton Helicopter Cameroon (COTCO) is a wholly owned subsidiary of Caverton Helicopters Limited.
**Caverton Aviation Cameroon (CAC) is an associate of Caverton Helicopters Limited.

19.1.2 Material partly owned subsidiary

Financial information of subsidiary that have material non-controlling interest is provided below:

Proportion of equity interests held by non-controlling interests:	2023	2022
Caverton Helicopters Limited	1.00%	1.00%
Caverton Marine Limited	1.00%	1.00%

Investment in subsidiaries:	2023 ₦'000	2022 ₦'000
Caverton Helicopters Limited	5,791,500	5,791,500
Caverton Marine Limited	2,722,500	2,722,500
Caverton Helicopters Cameroon (COTCO)*	-	-
	8,514,000	8,514,000

*Investment in Caverton Helicopters Cameroon is at a value of N1.

19.1.3 Profit allocated to material non-controlling interest:

The summarized financial information of the subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Statement of profit or loss and other comprehensive income	Caverton Helicopters Limited 2023 ₦'000	Caverton Helicopters Limited 2022 ₦'000	Caverton Marine Limited 2023 ₦'000	Caverton Marine Limited 2022 ₦'000
Revenue from contracts with customers	30,415,630	28,059,307	1,573,181	801,115
Cost of sales	(23,688,043)	(23,595,422)	(1,217,265)	(379,613)
Administrative expenses	(9,532,798)	(5,051,511)	(105,748)	(192,342)
Impairment loss (expense)/reversal	(2,400,936)	(306,652)	(7,264)	(95,655)
Net foreign exchange difference	(2,334,641)	927,141	-	-
Other income	1,360,059	1,436,251	-	-
Finance income	24,929	45,831	-	-
Finance cost	(5,822,379)	(5,268,786)	-	-
Minimum tax	(168,736)	(148,617)		
Share of loss of an associate	(4,889)	(240,146)	-	-
(Loss)/profit before tax	(12,151,804)	(4,142,604)	242,904	133,505
Income tax expense	(134,648)	-	73,144	(80,427)
(Loss)/profit for the year	(12,286,452)	(4,142,604)	316,048	53,078

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

19.1.3 Profit allocated to material non-controlling interest (continued)

Statement of profit or loss and other comprehensive income (continued)	Caverton Helicopters Limited 2023 ₦'000	Caverton Helicopters Limited 2022 ₦'000	Caverton Marine Limited 2023 ₦'000	Caverton Marine Limited 2022 ₦'000
(Loss)/profit for the year	(12,286,452)	(4,142,604)	316,048	53,078
Other comprehensive income:				
Share of other comprehensive income of an associate	10,419	1,692	-	-
Total comprehensive (loss)/ income	(12,276,033)	(4,140,912)	316,048	53,078
Attributable to;				
Equity holders of parent	(12,153,273)	(4,099,486)	312,887	52,547
Non-controlling interest	(122,760)	(41,426)	3,160	531
	(12,276,033)	(4,140,912)	316,048	53,078

Summarised statement of financial position	Caverton Helicopters Limited 2023 ₦'000	Caverton Helicopters Limited 2022 ₦'000	Caverton Marine Limited 2023 ₦'000	Caverton Marine Limited 2022 ₦'000
Inventories and cash and bank balances (current)	29,717,232	12,467,960	12,259	95,177
Trade & other receivables, contract assets, assets held for sale and prepayments	17,946,836	29,556,342	1,334,002	1,318,216
Property, plant and equipmet and other non-current asset	22,615,323	23,370,076	3,119,338	3,052,107
Trade and other payables, contract liabilities and government grant (current)	(23,393,103)	(17,547,642)	(1,767,036)	(2,109,544)
Income tax payable	(1,046,600)	(937,864)	(92,229)	(65,671)
Lease liabilities	(14,463,884)	(10,675,281)	-	-
Interest-bearing loans and borrowing (Current)	(18,687,180)	(17,344,317)	-	-
Interest-bearing loans and borrowing and government grant (non-current)	(22,240,150)	(14,821,979)	-	-
Total Equity	(9,551,526)	4,067,295	2,606,334	2,290,285
Attributable to:				
Equity holders of parent	(9,456,011)	4,026,622	2,580,271	2,267,382
Non-controlling interest	(95,515)	40,673	26,063	22,903
	(9,551,526)	4,067,295	2,606,334	2,290,285
Dividend paid to non-controlling interest	-	-	-	-

Summarised cash flow information	Caverton Helicopters Limited 2023 ₦'000	Caverton Helicopters Limited 2022 ₦'000	Caverton Marine Limited 2023 ₦'000	Caverton Marine Limited 2022 ₦'000
Operating activities	28,907,799	19,246	(63,917)	124,098
Investing activities	907,840	3,435,243	(19,000)	(30,360)
Financing activities	(11,644,118)	(7,726,192)	-	-
Net increase/(decrease) in cash and cash equivalents	18,171,521	(4,271,703)	(82,917)	93,738
Cash and cash equivalents at 1 January	1,075,074	5,346,777	95,177	1,439
Cash and cash equivalents at 31 December	19,246,595	1,075,074	12,260	95,177

19.1.4 Investment in associate

The Group has 49% interest in Caverton Aviation Cameroon at a value of N1,449,420 (on 23 January 2012). The table below summarised financial information of the Group's investment in Caverton Aviation Cameroon.

	Group 2023 ₦'000	Group 2022 ₦'000	Company 2023 ₦'000	Company 2022 ₦'000
Caverton Aviation Cameroon	9,833	4,304	-	-
Caverton Offshore Support Group - Ghana*	3,673	3,673	3,673	3,673
	13,506	7,977	3,673	3,673

*Caverton Offshore Support Group (Ghana) Limited is yet to commence operations.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

19.1.4 Investment in associate (continued)

Group

Summarised statement of financial position of Caverton Aviation Cameroon	2023 ₦'000	2022 ₦'000
Total assets	10,579,136	1,583,366
Total liabilities	(10,559,066)	(1,574,582)
Equity/net asset	20,070	8,784
Group's share in equity - 49%	9,834	4,304

Summarised statement of profit or loss of Caverton Aviation Cameroon	2023 ₦'000	2022 ₦'000
Revenue from contracts with customers	2,937,070	435,095
Cost of sales	(388,483)	(198,245)
Administrative expenses	(2,289,375)	(238,023)
Finance cost	(276,687)	(2,048)
Loss before income tax expense	(17,475)	(3,221)
Income tax expense:		
Current year minimum tax		(16,024)
Loss for the year	(17,475)	(19,245)
Other comprehensive income: translation reserve	21,263	3,454
Total comprehensive income/(loss) for the year	3,788	(15,791)
Movement in investment in associate account is as follows:		
At 1 January	4,304	242,757
Prior year under/ (over) recogntion of profit	3,674	(230,715)
Group's share of loss - 49%	(8,563)	(9,430)
Group's share of other comprehensive income: translation reserve - 49%	10,419	1,692
At 31 December	9,834	4,304
Carrying value of the investment	9,834	4,304

19.2 Goodwill

Goodwill acquired through business combinations has been allocated to two CGUs for impairment testing as follows:

	Group		Company	
Carrying amount of goodwill allocated to each of the CGUs:	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000
Helicopter services	3,885,972	3,885,972	-	-
Marine service	2,140,937	2,140,937	-	-
	6,026,909	6,026,909	-	-

The Group performed its annual impairment test in December 2023 and 2022. As at 31 December 2023 and 2022, the recoverable amount was above the carrying amount of the CGUs, indicating there is no impairment of goodwill.

i.) Helicopter CGU

The recoverable amount of this Cash Generating Unit was based on its value in use and was determined by discounting the future cash flow projections from the financial budgets approved by senior management covering a 5-year period. The projected cash flows have been updated to reflect the marginal increase in revenue. Unless indicated, the value in use as at 31 December 2023 was determined in the same way as 31 December 2022. Also the cash flows beyond the five-year period are extrapolated using a 10% growth rate (2022: 10%) that is the same as the long-term average growth rate for the aviation industry.

The calculation of value in use was based on the following key assumptions:

Cash flow was projected based on past experience, actual operating results and a 5-year operating cash flow.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

19.2 Goodwill (continued)

i.) Helicopter CGU (continued)

Revenue growth rate

The revenue growth rate was 10% all the projected years, the projected annual revenue growth included in the cash flow projections for the years 2023 - 2028 has been based on growth rate of five years.

Pre-tax discount rate

The pre-tax discount rate of 20% (2022: 20%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the incremental borrowing rate in the absence of weighted average cost of capital.

Gross margin

The gross margin was projected as 26% in 2024, 29% in 2025, 32% in 2026, 35% in 2027 and 38% in 2028.

ii.) Marine CGU

The recoverable amount of this Cash Generating Unit was based on its value in use and was determined by discounting the future cash flow projections from the financial budgets approved by senior management covering a 5-year period. Unless indicated the value in use as at 31 December 2023 was determined in a similar way as 31 December 2022. The calculation of value in use was based on the following key assumptions:

Cash flow was projected based on past experience, actual operating results and a 5- year operating cash flow.

Revenue growth rate

The revenue growth rate was based on 10% (agency service income, boat building and maintenance income) for all the projected years. The anticipated annual revenue growth included in the cash flow projections for the years 2024 -2028 has been based on growth rate of five years.

Pre-tax discount rate

The pre-tax discount rate of 20% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the incremental borrowing rate in the absence of weighted average cost of capital.

Gross margin

The gross margin was projected as 33% in 2024, 31% in 2025, 30% in 2026, 28% in 2027 and 27% in 2028.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions. The calculation of value in use for both Helicopters and Marine is most sensitive to the following assumptions:
• Revenue growth rates
• Discount rates
• Growth rates used to extrapolate cash flows beyond the forecast period.

Revenue growth rate: Revenue growth rate are based on average values achieved in the three years preceding the beginning of the budget period.

These are increased over the budget period for anticipated efficiency improvements. An increase of 10% (FCH) per annum was applied for the Helicopters unit and 10% per annum for the Marine unit (agency service income, boat building and maintenance income). A decrease in the revenue growth rate of 2.0% would result in impairment in the Helicopters unit. A decrease in the revenue growth by 2% would not result in impairment in the marine unit.

Discount rates: Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the incremental borrowing rate in the absence of weighted average cost of capital. A rise in the pre-tax discount rate to 20.2% (i.e. +0.2%) in the Helicopters unit would not result in impairment. A rise in the pre-tax discount rate to 20.2% (i.e. +0.2%) marine unit would not result in impairment.

Growth rate estimates: Rates are based on published industry research. A reduction to 9% in the long-term growth rate in the Helicopters unit would not result in impairment. For the Marine unit, a reduction to 8.12% in the long-term growth rate would result in impairment.

iii.) Caverton Helicopter Cameroon CGU

The Caverton Helicopter Cameroon has been fully impaired since 2018.

20 Inventories

	Group		Company	
	2023 ₦'000	**2022 ₦'000**	**2023 ₦'000**	**2022 ₦'000**
Spare parts	9,068,400	8,960,501	-	-
Aviation fuel	223,846	179,594	-	-
	9,292,246	9,140,095	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

21 Trade receivables and other receivables

	Group 2023 ₦'000	Group 2022 ₦'000	Company 2023 ₦'000	Company 2022 ₦'000
Financial assets				
Trade receivables	6,695,713	7,494,482	-	-
Due from related parties	730,793	767,488	349,534	323,976
Allowance for expected credit losses	(3,580,552)	(1,201,844)	(2,950)	-
Contract assets	1,571,722	1,553,356	-	-
Other receivables	207,321	224,185	-	-
	5,624,997	8,837,667	346,584	323,976
Non-financial assets				
Advance payment to suppliers	-	5,269,544	-	-
Withholding tax receivable	6,673,967	7,230,218	-	-
Value Added Tax receivables	1,578,666	673,264	-	-
Staff advances	26,633	-	-	-
Security deposits	2,778,576	3,551,465	-	-
	11,057,842	16,724,491	-	-
	16,682,839	25,562,158	346,584	323,976

Trade receivables are non-interest bearing and are generally on terms of 30-60 days credit collection period.

Security deposits are advance payments made on the lease aircraft, balance of mobilization on the cost incurred on the Maintenance, Repair and Overhaul thus far.

21.1 Allowance for impairment losses

An analysis of changes in the aggegate ECL allowances (trade receivables and receivables from related parties) is as follows:

Group	Trade receivables	Due from related parties	Total	Trade receivables	Due from related parties	Total
	2023			2022		
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
As at 1 January	1,201,844	-	1,201,844	997,281	-	997,281
Impairment allowance recognised	2,378,708	-	2,378,708	402,307	-	402,307
Write-off in the year	-	-	-	(197,744)	-	(197,744)
As at 31 December	3,580,552	-	3,580,552	1,201,844	-	1,201,844

22 Prepayments

	Group 2023 ₦'000	Group 2022 ₦'000	Company 2023 ₦'000	Company 2022 ₦'000
Rent prepaid	19,972	231,950	-	-
Insurance prepaid	21,171	1,765	-	-
	41,143	233,715	-	-

Rent prepaid relates to short term leases in respect of staff apartment. Rentals are paid in advance.

23 Short term investment in securities

	Group 2023 ₦'000	Group 2022 ₦'000	Company 2023 ₦'000	Company 2022 ₦'000
Investment in bonds	490,138	484,365	-	-

The movement in in the year are as follows:

	Group 2023 ₦'000	Group 2022 ₦'000	Company 2023 ₦'000	Company 2022 ₦'000
At 1 January	484,365	484,365	-	-
Additions in the year	-	-	-	-
Interest income earned (Note 11)	24,918	-	-	-
Investment liquidated in the year	(19,145)	-	-	-
At 31 December	490,138	484,365	-	-

Short term investment in securities are investment in bonds with Access bank Nigeria Plc. The coupon rate on the bond is 4.5% per annum for a duration of one year renewable after maturity. This amount was reported as part of cash and bank balance in prior year.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

24 Cash and bank balance

	Group		Company	
	2023	2022	2023	2022
Cash and bank balances in the statement of financial position comprise:	₦'000	₦'000	₦'000	₦'000
Cash at bank	20,426,614	2,999,309	245	64,799
Cash in hand	12,688	6,168	-	-
	20,439,302	3,005,477	245	64,799
For the purpose of cash flow statement, cash and cash equivalents comprises:				
Cash in hand and at bank	20,439,302	3,005,477	245	64,799
Bank overdrafts (Note 27)	(1,178,452)	(1,768,426)	-	-
	19,260,850	1,237,051	245	64,799

The Group's exposure to credit, currency and liquidity risks related to cash and cash equivalents is disclosed in Note 33.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

25 Non-current assets held for sale

	Group		Company	
	2023	2022	2023	2022
	₦'000	₦'000	₦'000	₦'000
Aircraft	599,142	3,566,593	-	-

26 Ordinary share capital

	Group		Company	
	2023	2022	2023	2022
	₦'000	₦'000	₦'000	₦'000
i) Authorised shares				
3,350,509,750 ordinary shares of 50k each	1,675,255	1,675,255	1,675,255	1,675,255

In December 2022, the shareholders in compliance with section 124 of the Companies and Allied Matters Act 2020 and Regulation 13 of the Companies Regulations 2021, approved the cancellation of all of the 1,649,490,250 (one billion, six hundred and forty nine million, four hundred and ninety thousand, two hundred and fifty) unissued ordinary shares of 50 kobo each of the Company.

	Group		Company	
	2023	2022	2023	2022
	₦'000	₦'000	₦'000	₦'000
ii) Issued and fully paid				
3,350,509,750 ordinary shares of 50k each	1,675,255	1,675,255	1,675,255	1,675,255
iii) Share premium	6,616,991	6,616,991	6,616,991	6,616,991

Share premium represent amount at which subscription for ordinary share capital exceed the nominal value.

27 Borrowings

	Group		Company	
	2023	2022	2023	2022
a) Borrowings are presented as follows:	₦'000	₦'000	₦'000	₦'000
Bank borrowings	38,326,922	30,275,112	-	-
Bank overdrafts	1,178,452	1,768,426	-	-
	39,505,374	32,043,538	-	-

Bank borrowings represents the balance on the amounts drawn down on short, meduim and long term facilities with various banks to augment the investment and working capital needs of the group. The details of each facility are enumerated in the terms and conditions below.

Bank overdrafts represent drawn down balances as at year end on bank facilities with various Nigerian banking institutions. These facilities have a 365 days tenor and are secured by a negative pledge on the Company's assets and a guarantee provided by the Parent Company. Interest on the drawn down balance of these facilities during the year was charged at rates varying between 22% and 26% (2022: 16% and 22%). Bank overdraft was presented net of cash and bank balance in prior year.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in Note 33.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

27 Borrowings (continued)

	Group		Company	
	2023	2022	2023	2022
b) Borrowings have been further presented as follows:	₦'000	₦'000	₦'000	₦'000
Current liabilities	18,687,180	17,344,317	-	-
Non-current liabilities	20,818,194	14,699,221	-	-
	39,505,374	32,043,538	-	-

	Group		Company	
	2023	2022	2023	2022
c) The movement in bank borrowings during the year has been analysed below:	₦'000	₦'000	₦'000	₦'000
As at 1 January	30,275,112	31,056,348	-	-
Additions in the year	6,548,639	8,345,141	-	-
Interest accrued	2,990,329	3,224,708	-	-
Principal repayments	(13,948,124)	(12,067,171)	-	-
Interest repayments	(2,757,307)	(1,219,384)	-	-
Exchange difference	15,218,273	935,470	-	-
As at 31 December	38,326,922	30,275,112	-	-

d) Terms and conditions of bank borrowings

i. Access bank Nigeria - N8.45 billion loan

This relates to the Long term loan of N8.45 billion loan for the purpose of supporting the refinancing of its aircraft fleets from existing lending partners (Macquarie Rotorcraft) and ensure proper matching of its repayment source to debt structure. The tenor of the loan is four (4) years. Interest rate on the loan is 20% payable on a monthly basis

ii. Access bank Nigeria - $4.28 million loan

This loan is a tern loan obtained for the purpose of financing the operations of the Helicopter business. The tenor of the loan is 48 months at a fixed interest rate of 9% per annum.

iii Access bank Nigeria - $1.212 million loan

The purpose of this loan is to finance mobilization cost (pre-operational cost) for the Chevron/Deep Water contract, Security Deposit (3 months rentals for 2 helicopters) and purchase of spare parts to support the operation. Interest will accrue at the rate of 9%. Interest accrual will be on a daily basis and will be charged and repaid on a monthly basis. The capital repayment shall be repaid in 48 equal payments. The loan tenor is for 48 months.

iv Access Bank Nigeria - $2.5 million loan

The purpose of this loan is to finance mobilization cost (pre-operational cost) for the Chevron/Deep Water contract, Security Deposit (3 months rentals for 2 helicopters) and purchase of spare parts to support the operation. Interest will accrue at the rate of 11%. Interest accrual will be on a daily basis and will be charged and repaid on a monthly basis. The capital repayment shall be repaid in 48 equal payments.

iv Access bank UK - $5.332 million loan

This loan is a tern loan obtained for the purpose of financing the operations of the Helicopter business. The tenor of the loan is 48 months at an interest rate of 4.5% plus 12 month SOFR.

v Access Bank UK - $5.457 million loan

This facility is a working capital loan provided for the purpose of financing the operations of the Helicopter business. The tenor of the loan is 48 months at an interest rate of 4.5% plus 12 month SOFR.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

27 Borrowings (continued)

vi Wema bank - N2.17 billion loan

The N2.17 billion loan was obtained in February 2022 for the purchase of various equipments and machinery to support and improve the efficient running of the maintenance, repair and overhaul of the flight sumilation facility. The duration of the loan is 48 months with 6 months moratorium on principal only. The interest on the loan is 16%.

vii Wema bank - $3.1 million advance

This loan was taken to finance the procurement of spare parts for maintenance, repair and overhaul (MRO), including Rotary and Fixed wings services on existing fleet. The loan tenor is 90 days with an interest rate of SOFR + 10% per annum.

viii Bank of Industry (BOI) N2.171 billion loan

The N2.17 billion was obtained to guarantee repayment of BOI facility to finance the company's expansion, specifically for upgrading and equipping of it's three aircraft hangers (two in Port Harcourt NAF Base and one in Lagos. The interest rate is 13% per annum.

ix Bank of Industry (BOI) $10 million loan

This loan was obtained for the purpose of purchasing a new AW139 Helicopter for commercial purpose as well as executing contracts for IOC's. The tenor of the loan is five years inclusive of a 12 month moratorium beginning from the date of disbursement. The repayment of this loan will be at 48 equal monthly installments immediately after the moratorium period. Interest rate of 8% is payable monthly in arrears.

x BPI FRANCE €7.37 million loan

This account is used to record commercial contract between caverton helicopters limited and BPI France for the purpose of providing a full flight simulator for augusta westland 139 helicopters. The commercial agreement is to grant caverton helicopters limited a principal amount of 8,500,000 million Euros. The facility will be utilized during the period of 15 months as of the day of signing the agreement and 60 months as from the repayments starting date. The facility shall be repaid in 10 semi annual equal and consecutive instalments. The interest rate is Euribor 6 months + margin equals 3% per annum.

28 Deferred income	**Group**		**Company**	
	2023	**2022**	**2023**	**2022**
	₦'000	**₦'000**	**₦'000**	**₦'000**
At 1 January	170,311	-	-	-
Additions in the year	-	19,804	-	-
Amortisation in the year (Note 10)	(43,568)	(19,804)	-	-
At 31 December	126,743	170,311	-	-

Deferred income relates to the fair value gain recognised on day one (1) on the N2.17 billion loan obtained from the Bank of Industry (BOI) at lower than commercial bank interest rate. This gain has been accounted for in line with IAS 20, Government grant and it is amortised to the statement of profit or loss in a straight line over the tenor of the loan.

Deferred income have been further presented as follows:

Current liabilities	47,529	47,529	-	-
Non-current liabilities	79,214	122,782	-	-
	126,743	170,311	-	-

29 Contract liabilities	**Group**		**Company**	
	2023	**2022**	**2023**	**2022**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Advance received from customers for the purchase of services	-	208,725	-	-
	-	208,725	-	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

29 Contract liabilities (continued)

	Group		Company	
	2023	**2022**	**2023**	**2022**
	₦'000	**₦'000**	**₦'000**	**₦'000**
The movement in contract liabilities is as follows:				
As at 1 January	208,725	949,980	-	-
Deferred during the year	-	-	-	-
Recognised as revenue during the year	(208,725)	(741,255)	-	-
As at 31 December	-	208,725	-	-

The deferred revenue represents advance payments by Total Nig. Plc and other customers for which related services have not been fully delivered by the Group during the year. This is a non-interest bearing liability.

30 Trade and other payables

	Group		Company	
	2023	**2022**	**2023**	**2022**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Financial liabilities				
Trade payables	13,005,191	9,476,855	-	-
Due to related companies	225,458	640,716	631,556	619,167
Other payables	4,332,328	2,569,528	14,206	10,473
Non-financial liabilities				
Other statutory payables	5,921,106	4,396,732	-	-
Value added tax payables	515,089	460,687	-	-
Withholding tax payable	827,028	660,305	243	243
	24,826,200	18,204,823	646,005	629,883

a) Trade and other payables are non-interest bearing and are normally settled on 90-day terms.

b) Other payables are non-interest bearing and have an average term of 3-6months. Other payables comprise accrued staff salary, audit fee accrual, advance billing for mobilization fee on Chevron contracts and accrual for unpaid employee benefits.

c) Value Added Tax output and input are offset for tax purposes as permitted by the relevant tax laws.

31 Leases

The Group has lease contracts for aircraft, office buildings, and residential buildings. Leases of aircraft generally have lease terms between 5 and 10 years, while office and residential buildings generally have lease terms between 1 and 2 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension options, which are further discussed below.

The Group also has certain leases of residential buildings with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

31.1 Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Group	**Aircraft ₦'000**	**Residential building ₦'000**	**Office building ₦'000**	**Total ₦'000**
As at 1 January 2023	7,344,430	3,133	-	7,347,563
Depreciation expense	(2,306,884)	(4,001)	(32,298)	(2,343,183)
Lease modification	484,115	58,942	36,299	579,356
As at 31 December 2023	5,521,661	58,074	4,001	5,583,736

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 Leases (continued)

31.1 Right-of-use assets (continued)

	Aircraft ₦'000	Residential building ₦'000	Office building ₦'000	Total ₦'000
Group				
As at 1 January 2022	6,328,223	13,127	9,403	6,350,753
Depreciation expense	(3,934,125)	(30,193)	(256,854)	(4,221,172)
Lease modification	4,950,332	20,199	247,451	5,217,982
As at 31 December 2022	7,344,430	3,133	-	7,347,563

31.2 Lease liabilities

i) Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group		Company	
	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000
As at 1 January	10,675,279	7,813,729	-	-
Additions in the year	4,177,518	-	-	-
Impact of lease modification	(3,128,676)	4,537,720	-	-
Accretion of interest	2,698,523	2,044,078	-	-
Payments in the year	(5,531,316)	(4,734,671)	-	-
Effect of exchange difference	5,572,555	1,014,424	-	-
As at 31 December	14,463,883	10,675,279	-	-

ii) Lease liabilities have been further presented as follows:

Current liabilities	5,321,151	4,622,028	-	-
Non-current liabilities	9,142,732	6,053,251	-	-
	14,463,883	10,675,279	-	-

iii) The following are the amounts recognised in profit or loss:

	Group		Company	
	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000
Depreciation expense on right-of-use assets (Note 6 & 7)	2,343,182	4,221,172	-	-
Interest expense on lease liabilities (Note 12)	2,698,523	2,044,078	-	-
Total amount recognised in profit or loss	5,041,705	6,265,250	-	-

32 Related parties

i) The financial statements include equity of major shareholders as follow:

	Group		Company	
	Number of Shares	Percentage of capital (%)	Number of Shares	Percentage of capital (%)
Foreign	1,340,617	0.0%	1,690,617	0.1%
Corporate	2,257,093,884	67.4%	424,445,669	12.7%
Various individual shareholders	1,092,075,249	32.6%	2,924,373,464	87.3%
	3,350,509,750	100%	3,350,509,750	100%

Subsidiaries: The Group has a 99% interest in both Caverton Helicopters Limited and Caverton Marine Limited. The Group also has a 100% interest in Caverton Helicopter Cameroon.

Associates: The Group has a 49% interest in Caverton Aviation Cameroon. The Group also has a 49% interest in Caverton Offshore Support Group (Ghana) Limited.

32 Related parties (continued)

ii) The Group entered into the following transactions with related parties during the year:

Group

Related party	Nature of transaction	2023 Balance receivables ₦'000	2023 Balance payables ₦'000	2022 Balance receivables ₦'000	2022 Balance payables ₦'000
Caverton Aviation Cameroon (CAC)	Aviation operations support	705,168	-	767,488	-
Rotimi Makanjuola	Cash advance	-	(122,458)	-	(59,307)
Aderemi Makanjuola	Cash advance	25,625	(103,000)	-	-
		730,793	(225,458)	767,488	(59,307)

The Company entered into the following transactions with related parties during the year:

Company

Related party	Nature of transaction	2023 Balance receivables ₦'000	2023 Balance payables ₦'000	2022 Balance receivables ₦'000	2022 Balance payables ₦'000
Caverton Helicopters Limited (CHL)	Aviation operations support	349,534	-	323,976	-
Caverton Marine Limited (CML)	Cash advance received	-	(631,557)	-	(619,167)
		349,534	(631,557)	323,976	(619,167)

The transactions from related parties are made on behalf of each other at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year end are unsecured and interest free and it has no set repayment terms. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2023, the Company recorded impairment of N2.9 million (31 December 2022: Nil) on receivables relating to amounts owed by related parties.

iii) **Compensation to key management staff**

Key management personnel of the Company are the Managing Director (MD), Chief Operating Officer, the Director of Training, Director of Corporate Services, Director of Quality and Safety and the Chief Financial Officer. The compensation paid or payable to key management for employee services is shown below:

	Group 2023 ₦'000	Group 2022 ₦'000	Company 2023 ₦'000	Company 2022 ₦'000
Salaries and wages	468,080	452,803	92,910	92,910
Pension contribution	52,009	50,311	10,323	10,323
	520,089	503,114	103,233	103,233

iv) **Directors emolument**

	Group 2023 ₦'000	Group 2022 ₦'000	Company 2023 ₦'000	Company 2022 ₦'000
Fees and sitting allowance	27,400	19,200	15,300	19,200
Remuneration	520,089	489,506	103,233	54,450
	547,489	508,706	118,533	73,650
The emolument of the Chairman	3,000	3,600	3,600	3,600
The emolument of the highest paid Director	103,233	113,025	103,233	103,233

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

32 Related parties (continued)

The directors emoluments fall within the following range:

Category	Group 2023 Number	Group 2022 Number	Company 2023 Number	Company 2022 Number
Less than 50,000,000	7	7	7	7
50,000,001-100,000,000	-	2	-	1
>100,000,000	1	3	1	-
	8	12	8	8

33 Financial instruments risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Finance management committee under policies approved by the board of directors. Group treasury identifies, evaluates and manages financial risks in collaboration with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas. Finance management committee reviews and agrees policies for managing each of these risks, which are summarized below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits.

Interest rate sensitivity

Sensitivity to changes in interest rates is relevant to financial assets or financial liabilities bearing floating interest rates due to the risk that future cash flows will fluctuate. However, sensitivity will also be relevant to fixed rate financial assets and financial liabilities that are re-measured to fair value.

The impact of a 0.1% increase/decrease in interest rate on the Group's loans and borrowings, with all other variables held constant, will reduce/increase the Group's profit before tax by N299 million (31 December 2022: N30.2 million). Other debt instruments have fixed interest rates and are not subject to interest rate sensitivity.

Foreign exchange risk

Management has set up a policy requiring the Group to manage their foreign exchange risk against their functional currency. The Group is required to manage its entire foreign exchange risk exposure with the Group finance. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, companies in the Group ensure that significant transactions are contracted in the Group's functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency. The Group also manages foreign exchange risks by maintaining foreign denominated revenue account and the Group is mostly affected by changes in USD, EUR and GBP rate that any other foreign currency.

Foreign currency sensitivity for the Group and Company

The following demonstrates the sensitivity to a reasonably possible change in the US Dollar, Euro and GBP exchange rate, with all other variables held constant, of the Group and Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

31 December 2023		%	Group: Effect on profit before tax Strengthening ₦'000	Group: Effect on profit before tax Weakening ₦'000	Company: Effect on profit before tax Strengthening ₦'000	Company: Effect on profit before tax Weakening ₦'000
	USD	10%	610,485	(610,485)	91,018	(91,018)
	EUR	10%	48	(48)	-	-
	GBP	10%	7	(7)	-	-

33 Financial instruments risk management objectives and policies (continued)

Foreign currency sensitivity for the Group and			**Group**		**Company**	
			Effect on profit before tax Strengthening	Effect on profit before tax Weakening	Effect on profit before tax Strengthening	Effect on profit before tax Weakening
31 December 2022			**₦'000**	**₦'000**	**₦'000**	**₦'000**
	USD	10%	203,451	(203,451)	6,913	(6,913)
	EUR	10%	42,233	(42,233)	-	-
	GBP	10%	5	(5)	-	-

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities through its subsidiaries' trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Credit risk is managed on Group basis, except for credit risk relating to accounts receivable balances. Each company is responsible for managing and analysing the credit risk for both existing and new clients before standard payment and delivery terms and conditions are offered. Credit risk from balances with the banks and financial institutions is managed by the group's treasury department in line with the group's policy. Investments of surplus funds are made only with approved counterparties with high rating by credit rating agencies i.e. only independently rated parties with a minimum rating of A. The Group places premium on maintaining credit limits to ensure that there is little or no losses from non-performance by those counterparties.

Deposits with banks and other financial institutions

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Surplus funds are spread amongst reputable commercial banks and funds must be within treasury limits assigned to each of the counterparty. Counterparty treasury limits are reviewed by the Group's Financial Controller periodically and may be updated throughout the year subject to approval of the Financial Controller. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Group's maximum exposure to credit risk for the components of the statement of financial position is its carrying amount.

The table below shows the Group and the Company's respective maximum exposure to credit risk:

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Trade and other receivables	15,111,117	24,008,802	346,584	323,976
Cash and cash equivalents	20,439,302	3,005,477	245	64,799
Contract assets	1,571,722	1,553,356	-	-
	37,122,141	28,567,635	346,829	388,775

Trade receivables and due from related parties are presented net as they include impairment allowance respectively.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

33 Financial instruments risk management objectives and policies (continued)

Impairment of financial assets

Trade receivables

For trade receivables, the Group applied the simplified approach in computing ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables as at 31 December 2023 using a provision matrix:

Group	Trade receivables					
	Days past due					
31 December 2023	**Current ₦'000**	**0 - 30 days ₦'000**	**31 - 90 days ₦'000**	**91 - 360 days ₦'000**	**>360 days ₦'000**	**Total ₦'000**
Expected credit loss rate	0.00%	4.00%	9.44%	51.13%	100.00%	
Gross carrying amount at default	144,293	2,099,109	169,195	1,642,113	2,641,003	6,695,713
Expected credit loss	-	83,964	15,972	839,612	2,641,003	3,580,552
31 December 2022	**Current ₦'000**	**0 - 30 days ₦'000**	**31 - 60 days ₦'000**	**61 - 90 days ₦'000**	**>3600 days ₦'000**	**Total ₦'000**
Expected credit loss rate	0.00%	3.10%	5.00%	10.50%	100.00%	
Gross carrying amount at default	1,942,405	1,439,818	301,284	2,981,932	829,043	7,494,482
Expected credit loss	-	44,634	15,064	313,103	829,043	1,201,844

In assessing the Company's internal rating process, the Company's customers and counter parties are assessed based on a credit scoring model that takes into account various historical, current and forward-looking information such as:
• Any publicly available information on the Company's customers and counter parties from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bonds or press releases and articles.
• Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.
• Any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance.

Expected credit loss measurement - Due from related related parties

The Parent Company (COSG) applied the general approach in computing expected credit losses (ECL) for its intercompany receivables. COSG recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that COSG expects to receive, discounted at an approximation of the original effective interest rate. No allowance was recognised as the impact was considered immterial by management.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

33 Financial instruments risk management objectives and policies (continued)

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

COSG considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, COSG may also consider a financial asset to be in default when internal or external information indicates that COSG is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by COSG. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The reconciliation of these balances are as stated above.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 3 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Central Bank of Nigeria, Standards and Poor's etc.) and a team of experts within its finance department verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios.

Liquidity risk

Cash flow forecasting is performed in the operating companies of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient funds on a regular basis so that the Group does not breach borrowing covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements for example, currency restrictions. Surplus cash held by the operating Companies over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, short term deposits, and other similar security. The entity's cash and cash equivalents and receivables are all redeemable between 0 and 90 days.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Group	**31 December 2023**					
	Carrying amount ₦'000	**On demand ₦'000**	**Less than 3 months ₦'000**	**3 to 12 months ₦'000**	**> 1 year ₦'000**	**Contractual cash flows ₦'000**
Borrowings	39,505,374	4,414,538	1,871,542	11,543,468	21,664,056	39,493,604
Lease liabilities	14,463,883	-	1,073,357	4,478,596	16,041,763	21,593,716
Trade and other payables	17,562,977	-	13,005,191	4,557,786	-	17,562,977
	71,532,234	4,414,538	15,950,090	20,579,850	37,705,819	78,650,297

	31 December 2022					
	Carrying amount ₦'000	**On demand ₦'000**	**Less than 3 months ₦'000**	**3 to 12 months ₦'000**	**> 1 year ₦'000**	**Contractual cash flows ₦'000**
Borrowings	32,043,538	1,768,426	3,893,973	11,681,918	14,699,221	32,043,538
Lease liabilities	10,675,279	-	1,155,507	3,466,521	6,053,251	10,675,279
Trade and other payables	12,687,099	-	9,476,855	3,210,244	-	12,687,099
	55,405,916	1,768,426	14,526,335	18,358,683	20,752,472	55,405,916

Company	**31 December 2023**					
	Carrying amount ₦'000	**On demand ₦'000**	**Less than 3 months ₦'000**	**3 to 12 months ₦'000**	**> 1 year ₦'000**	**Contractual cash flows ₦'000**
Trade and other payables	645,762	-	-	635,578	-	635,578

	31 December 2022					
	Carrying amount ₦'000	**On demand ₦'000**	**Less than 3 months ₦'000**	**3 to 12 months ₦'000**	**> 1 year ₦'000**	**Contractual cash flows ₦'000**
Trade and other payables	629,640	-	-	629,640	-	629,640

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

34 Fair values

Set out below is a comparison by class of the carrying amount and the fair value of the Group's financial instruments that are carried in the financial statements.

	Group			
	Carrying Amount		Fair Value	
	2023	2022	2023	2022
	₦'000	₦'000	₦'000	₦'000
Financial assets				
Trade and other receivables	4,053,275	7,284,311	4,053,275	7,284,311
Contract assets	1,571,722	1,553,356	1,571,722	1,553,356
Cash and cash equivalents	20,439,302	3,005,477	20,439,302	3,005,477
	26,064,299	11,843,144	26,064,299	11,843,144
Financial liabilities				
Interest-bearing loans and borrowings	38,326,922	30,275,112	38,326,922	30,275,112
Trade and other payables	17,562,977	12,687,099	17,562,977	12,687,099
Lease liablilities	14,463,883	10,675,279	14,463,883	10,675,279
	70,353,782	53,637,490	70,353,782	53,637,490

	Company			
	Carrying Amount		Fair Value	
	2023	2022	2023	2022
	₦'000	₦'000	₦'000	₦'000
Financial assets				
Trade and other receivables	346,584	323,976	346,584	323,976
Cash and bank	245	64,799	245	64,799
	346,829	388,775	346,829	388,775
Financial liabilities				
Trade and other payables	645,762	629,640	645,762	629,640

Trade and other receivables exclude non-financial assets such as advance payment, value added tax receivable, withholding tax receivable, staff advances and security deposits. Trade and other payables exclude non-financial liabilities such as Withholding tax payable and Value added tax payable.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

► Cash and short-term deposits, trade receivables, trade payables and other current liabilities are stated at their carrying amounts largely due to the short-term maturities of these instruments.

► Long-term fixed-rate borrowings are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the customer and the risk characteristics of the financed project. The fair value of the loans and borrowing are determined based on the market related rate at the reporting date.

The fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

► Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
► Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
► Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The fair valuation of interest bearing loans and borrowing is classified as level 3 fair value hierarchy. The fair value is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risks and remaining maturity.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

34 Fair values (continued)

The following tables provide the fair value measurement hierarchy of the Group's and Company's assets and liabilities:

		Fair value measurement using		
Fair value measurement hierarchy for liabilities as at 31 December 2023:	**Total ₦'000**	**Quoted prices in active markets (Level 1) ₦'000**	**Significant observable inputs (Level 2) ₦'000**	**Significant unobservable inputs (Level 3) ₦'000**
Liabilities for which fair values are disclosed:				
Borrowings	38,326,922	-	38,326,922	-

		Fair value measurement using		
Fair value measurement hierarchy for liabilities as at 31 December 2022:	**Total ₦'000**	**Quoted prices in active markets (Level 1) ₦'000**	**Significant observable inputs (Level 2) ₦'000**	**Significant unobservable inputs (Level 3) ₦'000**
Liabilities for which fair values are disclosed:				
Borrowings	30,275,112	-	30,275,112	-

There were no transfers within the three levels in 2023.

35 Capital management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 (2021). The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group policy is to raise additional debt but keep the gearing ratio below 50%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations if any.

	Group		**Company**	
	2023 ₦'000	**2022 ₦'000**	**2023 ₦'000**	**2022 ₦'000**
Interest-bearing loans and borrowings (Note 25)	39,505,374	31,056,348	-	-
Trade and other payables (Note 28)	24,826,200	18,204,823	646,005	629,883
Less: cash and short term deposit (Note 23)	(20,439,302)	(3,005,477)	(245)	(64,799)
Net debt	43,892,272	46,255,694	645,760	565,084
Total capital: Equity	(747,635)	12,145,206	8,213,513	8,271,582
Capital and net debt	43,144,637	58,400,900	8,859,273	8,836,666
Gearing ratio	1.02	0.79	0.07	0.06

36 Contingencies, guarantees and other financial commitments

a) Litigation and claims

There were no contingent liabilities as at 31 December 2023 (2022: Nil).

b) Financial commitments

The directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the state of affairs of the Group and the Company, have been taken into consideration in the preparation of these consolidated and separate financial statements.

37 Events after reporting period

No event or transaction have occurred after the reporting date which would have a material effect upon the consolidated and separate financial statements.

VALUE ADDED STATEMENT

	Group				Company			
	2023 ₦'000	%	2022 ₦'000	%	2023 ₦'000	%	2022 ₦'000	%
Revenue	31,988,811		29,228,179		-		-	
Other income	1,360,059		1,436,251		-		-	
Finance income	24,930		45,831		-		-	
Less:								
Cost of services	(25,009,969)		(14,725,996)		45,164		(353,986)	
Value added/consumed	8,363,831		15,984,265		45,164		(353,986)	
Applied as follows:								
To employees:								
Wages, salaries and other benefits	10,456,160	125%	9,357,470	59%	103,233	229%	54,450	-15%
To providers of capital:								
Interest expense	5,822,379	70%	5,268,786	33%	-	0%	-	0%
To government:								
As income taxes	195,294	2%	182,067	1%	-	0%	-	0%
To provide for replacement of assets and expansion of business:								
Depreciation and amortization	4,637,435	55%	6,341,026	40%	-	0%	-	0%
Retained loss	(12,747,437)	-152%	(5,165,084)	-32%	(58,069)	-129%	(408,436)	115%
Value added/(consumed)	8,363,831	100%	15,984,265	100%	45,164	100%	(353,986)	100%

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

FIVE-YEAR FINANCIAL SUMMARY

Group

Non-current assets	2023 ₦'000	2022 ₦'000	2021 ₦'000	Restated 2020 ₦'000	Restated 2019 ₦'000
Property, plant and equipment	19,903,376	18,729,523	26,418,060	30,083,703	30,342,476
Intangible assets	90,463	161,477	233,302	3,489	-
Right-of-use assets	5,583,736	7,347,563	6,350,753	5,882,415	5,820,993
Goodwill	6,026,909	6,026,909	6,026,909	6,026,909	6,026,909
Investment in associate	13,506	7,977	246,430	19,476	8,916
Deferred tax assets	155,578	190,524	237,502	391,442	384,147
Net current assets	(2,481,063)	556,463	(2,813,534)	11,914,383	1,069,472
	29,292,505	33,020,436	36,699,422	54,321,817	43,652,913
Interest bearing loans & borrowings	(20,818,194)	(14,699,197)	(14,511,028)	(9,740,796)	(15,087,562)
Deferred tax liabilities	-	-	-	(1,583,383)	(2,000,386)
Deferred income	(79,214)	(122,782)	-	-	-
Lease liabilities	(9,142,732)	(6,053,251)	(4,881,474)	(4,881,474)	(5,084,205)
	(747,635)	12,145,206	17,306,920	38,116,164	21,480,760
Financed by:					
Share capital	1,675,255	1,675,255	1,675,255	1,675,255	1,675,255
Share Premium	6,616,991	6,616,991	6,616,991	6,616,991	6,616,991
Retained earnings	(8,927,416)	3,726,716	8,854,018	13,492,704	12,990,014
Foreign currency translation reserve	(93,322)	52,082	48,745	26,155	51,650
Non-controlling interest	(19,143)	74,163	111,911	152,089	146,850
Total Shareholders' equity	(747,635)	12,145,206	17,306,920	21,963,194	21,480,760
Revenue	31,988,811	29,228,179	34,758,195	32,172,597	34,978,264
(Loss)/profit before tax	(12,685,933)	(5,084,656)	(5,600,917)	1,264,474	7,242,202
Income tax expense	(61,504)	(80,428)	1,257,013	(80,702)	(2,861,384)
(Loss)/profit after tax	(12,747,437)	(5,165,084)	(4,343,904)	1,183,772	4,380,818
Other comprehensive (loss)/income:					
Share of other comprehensive income/(loss) of an associate	10,419	1,692	9,141	858	(259)
Exchange differences on translation of foreign operations	(155,823)	1,678	13,540	(26,344)	6,142
Other comprehensive (loss)/income for the year, net of tax	(145,404)	3,370	22,681	(25,486)	5,883
Total comprehensive (loss)/income for the year, net of tax	(12,892,841)	(5,161,714)	(4,321,223)	1,158,286	4,386,701
Per Share:					
Basic/Diluted earnings per share (₦)	(3.78)	(1.53)	(1.53)	0.35	1.29

FIVE-YEAR FINANCIAL SUMMARY

Company

Non-current assets	**2023 ₦'000**	**2022 ₦'000**	**2021 ₦'000**	**Restated 2020 ₦'000**	**Restated 2019 ₦'000**
Investment in subsidiaries	8,514,000	8,514,000	8,514,000	8,514,000	8,514,000
Investment in associate	3,672	3,673	3,673	3,673	3,673
Deferred tax assets	-	-	-	271,336	277,653
Net current (liabilities)/assets	(304,159)	(246,091)	162,345	49,597	(289,926)
	8,213,513	8,271,582	8,680,018	8,838,606	8,505,400
Financed by:					
Share capital	1,675,255	1,675,255	1,675,255	1,675,255	1,675,255
Share premium	6,616,991	6,616,991	6,616,991	6,616,991	6,616,991
Retained earnings	(78,733)	(20,664)	387,772	546,360	213,154
	8,213,513	8,271,582	8,680,018	8,838,606	8,505,400
Dividend revenue	-	-	569,250	990,000	1,188,000
(Loss)/profit before tax	(58,069)	(408,436)	447,799	1,011,056	1,004,058
Income tax credit/(expense)	-	-	(271,336)	(7,748)	274,100
(Loss)/profit after tax	(58,069)	(408,436)	176,463	1,003,308	1,278,158
Basic/diluted earnings per share (₦)	(0.02)	(0.12)	0.05	0.30	0.38