

TRANS-NATIONWIDE EXPRESS PLC

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2015

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CORPORATE INFORMATION

Directors: Dr. Oladiran Fawibe - Chairman
Mrs. Chidinma Iheme - Managing Director
Mr. Kayode Ajakaiye
Dr. Obinani Okoli
Air Cdr. Dan Suleiman (Rtd)
Mrs. Nneka Ikejiani
Alhaji Umar Jimada
Miss Oluwatosin Adebayo
Mr. Azubuike Ezeh (Alternate to Dr.O.Okoli)
Mrs. Aderonke Fatade (Independent Director)

Registered office: Plot 28, Oshodi Apapa Expressway,
Oshodi,
Lagos, Nigeria.
Tel : 01 – 8042411, 4714983, 7911695
Email: tranex@tranex-ng.com

Secretaries: Cautious Services Limited,
Cautious House,
23 Road, G. Close, House 4,
Festac Town,
Lagos.
Tel: 08033052441, 08033372451
Email: cautiouscafeozabor@yahoo.com

Registrars: Cardinal Stone (Registrars) Limited
358, Herbert Macaulay Way,
Besides St. Dominic Catholic Church,
Yaba,
P. O. Box 9117, Lagos.

Registered number: RC. 61750

Auditors: HLB Z.O. Ososanya & Co.,
(Chartered Accountants),
Bank of Agriculture Building,
Plot 7, NERDC Road,
Ikeja Central Business District,
Alausa, Ikeja,
P.O. Box 1433, **Lagos.**
Tel: 01-7747861
Email. zoocolagos@yahoo.com

Bankers: Access Bank Plc
Diamond Bank Plc
Eco Bank Plc.
Fidelity Bank Plc,
First Bank of Nigeria Plc,
Keystone Bank Limited
Skye Bank Plc
Zenith Bank Plc.

RESULTS AT A GLANCE

| For the year: | 2015 | 2014 | Change |
|----------------------------------|--------------|--------------|---------------|
| | ₦'000 | ₦'000 | % |
| Turnover | 798,557 | 718,016 | 11 |
| Profit before taxation | 75,678 | 49,476 | 53 |
| Profit after taxation | 50,972 | 66,771 | (24) |
| Dividend | 19,882 | 19,882 | - |
| Share capital | 99,410 | 99,410 | - |
| Shareholders' funds | 428,085 | 397,499 | 8 |
| | ===== | ===== | === |
| Per share data | | | |
| Based on ordinary share of 50k:- | | | |
| Earnings per 50k share | 26k | 34k | (24) |
| Dividend per share (kobo) | 10k | 10k | - |
| Net assets per 50k share | 215k | 200k | 8 |
| Number of employees | 149 | 161 | (7) |

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report and the audited financial statements of the company for the year ended 31st December, 2015.

1. **Results**

| | | |
|---|-----------------|---------------|
| The results for the year are summarized as follows: | 2015 | 2014 |
| | ₦'000 | ₦'000 |
| Profit before taxation | 75,678 | 49,476 |
| Taxation | <u>(24,706)</u> | <u>17,295</u> |
| Profit after taxation | 50,972 | 66,771 |
| | ===== | ===== |

2. **Legal form**

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

3. **Principal business activities**

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

4. **Statement of directors' responsibilities in relation to the financial statements for the year ended 31st December, 2015**

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

The responsibilities include ensuring that:

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

5. **Dividend**

The directors recommend to the shareholders the declaration of a dividend at the annual general meeting of 10 kobo per share. The dividend amounts to ₦19,882,000 (2014 10 kobo – ₦19,882,000). The dividend is subject to deduction of appropriate withholding tax at the time of payment.

6 **Directors and their interests**

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

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

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

| | No. of Shares As at 31/12/15 | % Holding As at 31/12/15 |
|-----------------------------|---|-------------------------------------|
| Dr. Oladiran Fawibe | 19,657,500 | 9.89 |
| Air Cdr. Dan Suleiman (Rtd) | 8,393,170 | 4.22 |
| Dr. Obinani Okoli | 7,976,703 | 4.01 |
| Mr. Kayode Ajakaiye | 2,250,031 | 1.13 |
| Mrs. Chidinma IHEME | 1,610,700 | 0.81 |
| Mrs. Nneka Ikejiani | - | - |
| Alhaji Umar Jimada | - | - |
| Miss Oluwatosin Adebayo | 100,000 | 0.05 |
| Mrs. Aderonke Fatade | 900,000 | 0.46 |

7. **Substantial shareholding**

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

| Names | No of shares | % Holding |
|---------------------------------------|---------------------|----------------------|
| Otunba Thomas Adebayo | 11,617,861 | 5.84 |
| Platform Nigeria Limited | 20,387,530 | 10.25 |
| Late Asiwaju Asalu Akintunde (Estate) | 11,717,307 | 5.89 |
| Late Chief Afolabi Olatunji | 12,215,728 | 6.14 |
| Chief Eric Nwobi | 11,308,774 | 5.69 |

8. **Donations**

Donations made during the year amounted to ₦137,050 (2014- ₦115,000) details of which are provided as follows:

| | ₦ |
|----------------------------------|----------|
| Redcross Society Motherless Home | 137,050 |

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

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

10. **Record of directors' attendance**

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

11. **Employment and employees**

(i) Employment of disabled persons:

It is the policy of the company that there is no discrimination in considering applications for employment including those from physically challenged persons.

The policy ensures that as far as practicable, disabled persons have identical opportunities with other employees. There was no physically challenged person employed during the year.

(ii) Employees' involvement and training:

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

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

(iii) Health, safety and welfare of employees:

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

12. **Property, plant and equipment**

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

13. **Post balance sheet events:**

There were no post balance sheet events which could have a material effect on the state of the company's affairs as at 31st December, 2015 and on the profit or loss account for the year ended on that date which had not been adequately provided for.

14 **Compliance with regulatory requirements**

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

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

15. **Analysis of shareholding:**

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

Statistical analysis of shareholding.

| Range of shares | No of holders | % | Units | % |
|------------------------|---------------|---------------|-------------------|----------------|
| 1-500 | 242 | 5.4975 | 57,875 | 0.0291 |
| 501-1000 | 1,012 | 22.9896 | 776,032 | 0.3903 |
| 1001-5000 | 2,072 | 47.0695 | 4,698,965 | 2.3634 |
| 5001-50,000 | 881 | 20.0136 | 13,232,022 | 6.6553 |
| 50,001-100,000 | 77 | 1.7492 | 5,877,251 | 2.9561 |
| 100,001-500,000 | 75 | 1.7038 | 16,413,047 | 8.2552 |
| 500,001-1,000,000 | 16 | 0.3635 | 11,175,884 | 5.6211 |
| 1,000,001-10,000,000 | 22 | 0.4998 | 71,314,372 | 35.8689 |
| 10,000,001-198,819,762 | <u>5</u> | <u>0.1136</u> | <u>75,274,314</u> | <u>37.8606</u> |
| | 4,402 | 100 | 198,819,762 | 100 |
| | ===== | ===== | ===== | ===== |

16. **Shareholding structure:**

As at 31st December, 2015 the fully paid ordinary share capital of the company was ₦99,409,881 divided into 198,819,762 ordinary shares of 50k each, and were beneficially held as follows:

Shareholders

| | 2015 | % | 2014 | % |
|--------------------------|-------------------|--------------|-------------------|--------------|
| Nigerian Citizens | 178,432,232 | 89.75 | 178,432,232 | 89.75 |
| Platform Nigeria Limited | <u>20,387,530</u> | <u>10.25</u> | <u>20,387,530</u> | <u>10.25</u> |
| | 198,819,762 | 100 | 198,819,762 | 100 |
| | ===== | ===== | ===== | ===== |

17. **Share capital history**

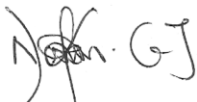
The authorized ordinary share capital currently stands at ₦250,000,000 divided into 500,000,000 ordinary shares of 50 kobo each. The changes in the share capital of the company since incorporation are summarized below:

| Year | Authorised (₦) | | Issued & fully paid-up | | Consideration |
|------|----------------|-------------|------------------------|------------|---------------|
| | Increase | Cumulative | Increase | Cumulative | |
| 1984 | 0 | 500,000 | 0 | 500,000 | Cash |
| 1992 | 1,500,000 | 2,000,000 | 3,500,000 | 4,000,000 | Cash |
| 1996 | 14,000,000 | 16,000,000 | 12,000,000 | 16,000,000 | Cash |
| 1997 | 84,000,000 | 100,000,000 | 4,000,000 | 20,000,000 | Bonus |
| 1998 | 0 | 100,000,000 | 24,182,170 | 44,182,170 | Cash |
| 2006 | 150,000,000 | 250,000,000 | 22,091,085 | 66,273,255 | Bonus |
| 2010 | 0 | 250,000,000 | 33,136,628 | 99,409,881 | Bonus |

18. **Auditors**

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

BY ORDER OF THE BOARD



**CAUTION SERVICES LIMITED
(COMPANY SECRETARY)**

LAGOS, NIGERIA.

FRC/2013/ICSAN/00000002873

17th March, 2016

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

The board and the various committees meet regularly, and there is full frank dialogue between committee members and management on all major issues.

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

CORPORATE GOVERNANCE REPORT (cont'd)

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

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

Chairman and Chief Executive:

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

Board meetings.

The board meetings were held on the following days: 17th March 2015, 22nd July 2015, 11th September 2015 and 10th December 2015.

Meeting and attendance at board meeting during the year were as follows:

| Name | Designation | Number of Meeting Held | Number of Meetings Attended |
|-----------------------------|------------------------|-------------------------------|------------------------------------|
| Dr. Oladiran Fawibe | Chairman | 4 | 4 |
| Miss Oluwatosin Adebayo | Non- Executive | 4 | 4 |
| Air Cdr. Dan Suleiman (Rtd) | Non- Executive | 4 | 4 |
| Mr. Kayode Ajakaiye | Non- Executive | 4 | 4 |
| Mrs. Chidinma Iheme | Executive | 4 | 4 |
| Alhaji Umar Jimada | Non - Executive | 4 | 4 |
| Mrs. Nneka Ikejiani | Non- Executive | 4 | 4 |
| Mr. Azubuike Ezeh | Alternate to Dr. Okoli | 4 | 4 |
| Mrs. Aderonke Fatade | Independent Director | 4 | 4 |

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

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

CORPORATE GOVERNANCE REPORT (cont'd)

1. Finance, Administrative and General Purpose committee:

The committee consists of four (4) directors and the head of finance and is responsible for reviewing the details and making recommendation on finance and administration to the board.

The committee meetings were held on 30th January 2015, 7th July 2015, 10th September and 27th November 2015. Membership and attendance of meetings during the period under review were as follows:

| Name | Designation | Number of Meetings Held | Number of Meetings Attended |
|-------------------------|--------------------|--------------------------------|------------------------------------|
| Mr. Kayode Ajakaiye | Chairman | 4 | 4 |
| Mrs. Nneka Ikejiani | Member | 4 | 4 |
| Mrs. Chidinma Itheme | Executive | 4 | 4 |
| Adekunle Adebisi | Head of Finance | 4 | 4 |
| Miss Oluwatosin Adebayo | Member | 4 | 4 |

2. Business Development Committee:

The committee is composed of four (4) directors and the head of commercial. The committee has responsibility for reviewing the sales promotion and marketing strategies. The committee meets quarterly or as the need arises. The meetings were held on 30th January 2015, 10th September 2015 and 8th December, 2015. Membership and attendance at meeting during the period under review were as follows:

| Name | Designation | Number of Meetings Held | Number of Meetings Attended |
|-------------------------------|--------------------|--------------------------------|------------------------------------|
| Air Crd. Dan Suleiman | Chairman | 3 | 3 |
| Alhaji Umar Jimada | Member | 3 | 3 |
| Mrs. Chidinma Itheme | Executive | 3 | 3 |
| Mr. Azubuike Ezeh | Member | 3 | 3 |
| Mr. Ayoola Oyelami (resigned) | Head of Commercial | 3 | 1 |
| Mr. Adekunle Adebisi | Head of Finance | 3 | 2 |

BY ORDER OF THE BOARD



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

COMPLAINTS MANAGEMENT POLICY

Introduction

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

Commitment

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

Application/Scope of policy

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

Assessment and action

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

Feedback

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

Audit Committee:

The audit committee is composed of two (2) shareholders and two (2) directors. It is chaired by a member representing the shareholders and meets three times during the year.

The committee's term of reference include:

- Reviewing reports on the company's internal control system, accounting and reporting policies, the scope and planning of both the external and internal audit programme.
- Reviewing internal and external auditor's reports periodically.
- Evaluates the performance and effectiveness of the company's external auditors and make recommendations to the board as to their retention or change.
- Reviewing the company's accounts before presentation and publication in all instances. The committee meets quarterly or as the need arises. The meetings were held on 10th March 2015, 23rd July 2015 and 26th November 2015. Membership and attendance at meeting during the period under review were as follows:

| Name | Designation | No of meetings held | No. of meetings Attended |
|----------------------------------|--------------------|----------------------------|---------------------------------|
| Rev. Olatunji Oyebanjo | Chairman | 3 | 3 |
| Mr. Kayode Ajakaiye | Member | 3 | 3 |
| Mrs. Nneka Ikejiani | Member | 3 | 2 |
| Alhaji Saliu Mohammed (resigned) | Member | 3 | 2 |
| Mr. Oluwaseun Olukoya * | Member | 3 | 1 |

*Mr. Oluwaseun Olukoya was appointed as a member of audit committee with effect from 23rd July, 2015.

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

Report on the Financial Statements

We have audited the accompanying financial statements of Trans- Nationwide Express Plc, for the year ended 31st December, 2015, set out on pages 15 to 34 which have been prepared on the basis of significant accounting policies on pages 19 to 24 and other explanatory notes on pages 25 to 32.

Directors Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Companies and Allied Matters Act, CAP C20 LFN, 2004 as well as the provisions of the Financial Reporting Council Act No.6, 2011. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company's financial position as at 31st December, 2015 in accordance with the provisions of the Financial Reporting Council of Nigeria and the Companies and Allied Matters Act, CAP C20 LFN, 2004 and other statutory financial regulations.

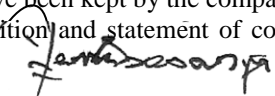
Report on other legal requirements

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

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



Lagos, NIGERIA.
22nd March, 2016



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

REPORT OF THE AUDIT COMMITTEE

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

- Confirmed that the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices.
- Reviewed the scope and plan of the audit for the year ended 31st December, 2015.
- Reviewed the external and internal auditors' recommendations on accounting procedures and internal controls and management's responses thereon.

In our opinion, the scope and planning of the audit for the year ended 31st December, 2015 were adequate and management's responses to the auditors' findings were satisfactory.



Rev. Olatunji Oyebanjo

Chairman. Audit Committee

FRC/2014/NIM/00000008555

10th March, 2016

Other Members of the Audit Committee are:

- Mr. Kayode Ajakaiye - Member
- Mrs. Nneka Ikejiani - Member
- Alhaji Saliu Mohammed (resigned) - Member
- Mr. Oluwaseun Olukoya - Member

The company's internal auditor serves as the secretary to the committee

10th March, 2016


LAGOS, NIGERIA

STATEMENT OF COMPREHENSIVE INCOME

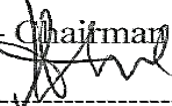
| | Notes | 2015 | 2014 |
|----------------------------------|--------------|-----------------|----------------|
| | | ₦'000 | ₦'000 |
| Revenue | 4 | 798,557 | 718,016 |
| Direct costs | 5 | (310,732) | (295,505) |
| | | ----- | ----- |
| Gross profit | | 487,825 | 422,511 |
| Other income | 6 | 1,591 | 3,667 |
| Administrative expenses | 7 | (408,215) | (370,736) |
| Financial costs | 8 | <u>(5,523)</u> | <u>(5,966)</u> |
| Profit before taxation | | 75,678 | 49,476 |
| Income tax expenses | 20(i) | <u>(24,706)</u> | <u>17,295</u> |
| Profit for the year | | 50,972 | 66,771 |
| | | ===== | ===== |
| Per share data (kobo) | | | |
| Earnings- Basic | | 26k | 34k |

STATEMENT OF FINANCIAL POSITION

| | Notes | 2015 ₦'000 | 2014 ₦'000 |
|---|--------|---------------|---------------|
| ASSETS: | | | |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 199,464 | 208,352 |
| | | ===== | ===== |
| Total non-current assets | | | |
| Current assets | | | |
| Short term financial assets | 10 | 2,325 | 1,938 |
| Inventories | 11 | 6,853 | 9,372 |
| Trade receivables | 12 | 274,970 | 237,809 |
| Other receivables | 13 | 160,856 | 148,637 |
| Cash and cash equivalents | 14(i) | 11,799 | 21,353 |
| | | ----- | ----- |
| Total current assets | | | |
| | | 456,803 | 419,109 |
| | | ----- | ----- |
| Total assets | | | |
| | | 656,267 | 627,461 |
| | | ===== | ===== |
| EQUITY AND LIABILITIES | | | |
| Share capital | 15 | 99,410 | 99,410 |
| Retained earnings | 16 | 328,675 | 298,089 |
| | | ----- | ----- |
| Total equity attributable to owners of the company | | | |
| | | 428,085 | 397,499 |
| | | ----- | ----- |
| Non-current liabilities | | | |
| Deferred tax liabilities | 17 | 15,396 | 14,425 |
| Deferred revenue | 18 | - | - |
| | | ----- | ----- |
| Total non-current liabilities | | | |
| | | 15,396 | 14,425 |
| | | ----- | ----- |
| CURRENT LIABILITIES | | | |
| Borrowing-overdraft | 14(ii) | 5,914 | 18,066 |
| Trade and other payables | 19 | 109,412 | 110,384 |
| | | ----- | ----- |
| Total current liabilities | | | |
| | | 115,326 | 128,450 |
| | | ----- | ----- |
| Total liabilities | | | |
| | | 228,182 | 229,962 |
| | | ----- | ----- |
| Total equity and liabilities | | | |
| | | 656,267 | 627,461 |
| | | ===== | ===== |


 Dr. Oladiran Fawibe – Chairman

FRC/2013/10DN/00000002895


 Mrs. Chidinma IHEME – Managing Director

FRC/2013/10DN/00000002705


 Adekunle Adebisi – Head of Finance

FRC/2013/ICAN/00000002704

STATEMENT OF CHANGES IN EQUITY

| | Share capital ₦'000 | Retained earnings ₦'000 | Total ₦'000 |
|--|------------------------------------|--|------------------------|
| Balance at 1 st January, 2015 | 99,410 | 298,089 | 397,499 |
| Dividend paid | - | (19,882) | (19,882) |
| Adjustment on Investment | - | (504) | (504) |
| Tax liability | - | - | - |
| Profit for the year | - | <u>50,972</u> | <u>50,972</u> |
| Balance at 31 st December, 2015 | 99,410 | 328,675 | 428,085 |
| ----- | | | |

STATEMENT OF CASH FLOWS

| | | | 2015 | 2014 |
|--|--------|------------------|------------------|-----------------|
| | Notes | N'000 | N'000 | N'000 |
| Cash flows from operating activities: | | | | |
| Cash received from customers | | 749,327 | 691,776 | |
| Cash payments to suppliers and employees | | <u>(682,957)</u> | <u>(634,721)</u> | |
| <i>Cash generated from operations</i> | | 66,370 | 57,055 | |
| Interest paid | 8 | (5,523) | (5,966) | |
| Taxation paid | 20(ii) | <u>(13,362)</u> | <u>(21,757)</u> | |
| Net cash from operating activities | | | 47,485 | 29,332 |
| <i>Cash flows from investing activities</i> | | | | |
| Purchase of property, plant and equipment | 9 | (26,329) | (186,884) | |
| Proceeds from the sale of equipment | | 1,167 | 165,339 | |
| Insurance claim | | - | - | |
| Rent received | | - | 2,386 | |
| Dividend received | 6 | <u>157</u> | <u>140</u> | |
| <i>Net cash outflow from investing activities</i> | | | (25,005) | (19,019) |
| Cash flows from financing activities | | | | |
| Dividend paid | 16 | <u>(19,882)</u> | <u>(19,882)</u> | |
| Net cash outflow from financing activities | | | <u>(19,882)</u> | <u>(19,882)</u> |
| Net increase/(decrease) in cash & cash equivalents | | | 2,598 | (9,569) |
| Cash and cash equivalents at 1 st January | | | <u>3,288</u> | <u>12,857</u> |
| Cash and cash equivalents at 31 st December | | | 5,886 | 3,288 |
| | | | ===== | ===== |

NOTES TO THE FINANCIAL STATEMENTS

1. Nature of operations and general information

Brief history

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

2. Statement of compliance with IFRS

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

3. Accounting policies

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

a Basis of preparation

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

b Principal business activities

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

c Presentation of financial statements in accordance with IAS 1

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

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

KEY MANAGEMENT ASSUMPTIONS

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

a. Functional currency and translation of foreign currencies

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

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

i. Revenue recognition

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

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

ii Property, plant and equipment

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

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

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

iii. **Investment properties.**

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

iv. **Depreciation**

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

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

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

v. **Intangible Assets**

Computer Software

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

vi. **Financial instruments**

▪ **Financial Assets**

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

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

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

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

- **Loans and receivables**

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

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

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

Recognition and measurement

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

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

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

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

Offsetting financial instruments

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

vii. ***Leases***

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

viii. ***Inventories***

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

ix. ***Receivables***

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

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

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

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

xi. ***Employee benefits***

i. Retirement benefit obligations

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

xii. ***Provisions***

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

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

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

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

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

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

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

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

xiv. ***Borrowings***

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

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

Borrowing costs

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

xv. ***Dividend***

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

| | 2015 | 2014 |
|---|---------------|---------------|
| | ₦'000 | ₦'000 |
| 4. REVENUE | | |
| Courier Services | 654,298 | 534,632 |
| Logistics income | 18,246 | 20,416 |
| Internal mailing income | 37,655 | 38,128 |
| Mail bag income | 37,102 | 56,767 |
| Mass mailing income | 16,121 | 37,934 |
| Freight income | 18,977 | 14,324 |
| Warehousing income | <u>16,158</u> | <u>15,815</u> |
| | 798,557 | 718,016 |
| | ===== | ===== |
| 5. DIRECT COSTS | | |
| Direct operating expenses | 177,471 | 176,319 |
| Logistic expense | 7,612 | 9,078 |
| Internal mailing expense | 30,704 | 29,840 |
| Mass mailing expense | 5,210 | 17,343 |
| Mail bag expense | 18,303 | 23,176 |
| Freight expense | 11,077 | 7,438 |
| Warehousing expense | 4,724 | 4,358 |
| Direct delivery cost | <u>55,631</u> | <u>27,953</u> |
| | 310,732 | 295,505 |
| | ===== | ===== |
| 6. OTHER INCOME | | |
| Rent income | - | 120 |
| Lease rental income | - | 2,266 |
| Bad debts recovered | 150 | 50 |
| Gain on investment valuation (financial assets) | (387) | 504 |
| Interest on short term deposit | 78 | 109 |
| Dividend income | 157 | 140 |
| Exchange rate gain | 789 | 232 |
| Profit on assets disposal | <u>804</u> | <u>246</u> |
| | 1,591 | 3,667 |
| | ===== | ===== |
| 7. ADMINISTRATIVE EXPENSES | | |
| Personnel cost | 222,454 | 193,437 |
| Administrative cost | 150,908 | 139,879 |
| Depreciation | <u>34,853</u> | <u>37,420</u> |
| | 408,215 | 370,736 |
| | ===== | ===== |
| 8. FINANCIAL COSTS | | |
| Bank charges | 3,485 | 3,980 |
| Interest on lease | <u>2,038</u> | <u>1,986</u> |
| | 5,523 | 5,966 |
| | ===== | ===== |

9. Property, Plant and Equipment

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

| | Land N'000 | Building N'000 | Motor Vehicles N'000 | office equipment N'000 | Furniture & Fittings N'000 | Motor Cycles N'000 | Plant & machinery N'000 | Computer Equipment N'000 | Total N'000 |
|-------------------------|---------------|-------------------|----------------------------|------------------------------|----------------------------------|--------------------------|-------------------------------|--------------------------------|----------------|
| COST | | | | | | | | | |
| At 01/01/2015 | 55,000 | 84,945 | 154,494 | 10,210 | 9,358 | 35,201 | 5,112 | 20,058 | 374,378 |
| Additions | - | 3,981 | 10,035 | 359 | 273 | 10,069 | - | 1,612 | 26,329 |
| Disposals | - | - | (3,420) | - | - | (13,894) | - | - | (17,314) |
| At 31/12/2015 | <u>55,000</u> | <u>88,926</u> | <u>161,109</u> | <u>10,569</u> | <u>9,631</u> | <u>31,376</u> | <u>5,112</u> | <u>21,670</u> | <u>383,393</u> |
| DEPRECIATION | | | | | | | | | |
| At 01/01/2015 | - | 708 | 103,601 | 8,373 | 6,997 | 28,736 | 1,668 | 15,943 | 166,026 |
| Charge for the year | - | 1,742 | 21,358 | 490 | 783 | 8,073 | 631 | 1,776 | 34,853 |
| Disposals | - | - | (3,057) | - | - | (13,893) | - | - | (16,950) |
| At 31/12/2015 | <u>-</u> | <u>2,450</u> | <u>121,902</u> | <u>8,863</u> | <u>7,780</u> | <u>22,916</u> | <u>2,299</u> | <u>17,719</u> | <u>183,929</u> |
| CARRYING AMOUNTS | | | | | | | | | |
| At 31/12/2015 | <u>55,000</u> | <u>86,476</u> | <u>39,207</u> | <u>1,706</u> | <u>1,851</u> | <u>8,460</u> | <u>2,813</u> | <u>3,951</u> | <u>199,464</u> |
| At 31/12/2014 | <u>55,000</u> | <u>84,237</u> | <u>50,893</u> | <u>1,837</u> | <u>2,361</u> | <u>6,465</u> | <u>3,444</u> | <u>4,115</u> | <u>208,352</u> |

| 10. SHORT TERM FINANCIAL ASSETS | 2015 | 2014 |
|---|--------------|--------------|
| | ₦'000 | ₦'000 |
| 12,801 units of Stanbic IBTC shares | 102 | 102 |
| 80,356 units of Zenith Bank Plc shares | 507 | 507 |
| 185,952 units of Access Bank Plc shares | 1,548 | 270 |
| 30,000 units Fidelity Bank Plc shares | 240 | 240 |
| 23,625 units of Skye Bank Plc shares | 315 | 315 |
| 153 units of West African Provincial Insurance Plc shares | - | - |
| Change in value of shares | <u>(387)</u> | <u>504</u> |
| | 2,325 | 1,938 |
| | ===== | ===== |

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

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

| 11. INVENTORIES | 2015 | 2014 |
|--|--------------|--------------|
| | ₦'000 | ₦'000 |
| Inventories included in the statement of financial position are analysed as follows: | | |
| Courier fliers | 5,544 | 8,794 |
| Airway bills | <u>1,309</u> | <u>578</u> |
| | 6,853 | 9,372 |
| | ===== | ===== |

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

| | 2015 | 2014 |
|---|----------------|-----------------|
| | ₦'000 | ₦'000 |
| 12. TRADE RECEIVABLES | | |
| HEAD OFFICE | | |
| Between 1 and 3 months | 160,621 | 99,031 |
| Between 4 and 6 months | 18,719 | 56,358 |
| Between 7 and 12 months | 7,939 | 5,925 |
| Above 1 year | 27,179 | 32,963 |
| BRANCHES | | |
| Between 1 and 3 months | 37,914 | 19,882 |
| Between 4 and 6 months | 8,795 | 17,765 |
| Between 7 and 12 months | 5,310 | 6,196 |
| Above 1 year | <u>13,334</u> | <u>12,677</u> |
| | 279,811 | 250,797 |
| Allowance for credit losses | <u>(4,841)</u> | <u>(12,988)</u> |
| | <u>274,970</u> | <u>237,809</u> |
| | ===== | ===== |
| <p>The carrying value of trade receivables is considered a reasonable fair value and has been stated at amortized cost less any impairment.</p> | | |
| 13. OTHER RECEIVABLES | | |
| Other debtors | 8,798 | 4,181 |
| Staff debtors | 2,238 | 997 |
| Prepayments | 16,098 | 16,709 |
| Withholding tax (Note 21) | <u>133,722</u> | <u>126,750</u> |
| | <u>160,856</u> | <u>148,637</u> |
| | ===== | ===== |
| 14. CASH AND CASH EQUIVALENTS | | |
| (i) Cash balances | 106 | 107 |
| Bank balances | <u>11,693</u> | <u>21,246</u> |
| | 11,799 | 21,353 |
| (ii) Bank overdraft | <u>(5,914)</u> | <u>(18,066)</u> |
| | 5,885 | 3,287 |
| | ===== | ===== |

| 15. SHARE CAPITAL | 2015 | 2014 |
|--|----------------|-----------------|
| | ₦'000 | ₦'000 |
| <i>Authorised:</i> | | |
| 500,000,000 ordinary shares 50k each | 250,000 | 250,000 |
| | ===== | ===== |
| <i>Issued and fully paid:</i> | | |
| <i>Ordinary shares:</i> | | |
| At start period | 99,410 | 99,410 |
| Bonus issue reserve | - | - |
| | <u>99,410</u> | <u>99,410</u> |
| | ===== | ===== |
| | 2015 | 2014 |
| | ₦'000 | ₦'000 |
| 16 RETAINED EARNINGS | | |
| Balance at 1 st January, 2015 | 298,089 | 282,100 |
| Prior year adjustment | - | (26,110) |
| Investment adjustment | (504) | (1,228) |
| Tax liability | - | (3,562) |
| Dividend paid | (19,882) | (19,882) |
| Profit for the year | <u>50,972</u> | <u>66,771</u> |
| | <u>328,675</u> | <u>298,089</u> |
| | ===== | ===== |
| 17. DEFERRED TAX | | |
| Balance as at 1 st January, 2015 | 14,425 | 45,056 |
| Charge/release for the year | <u>971</u> | <u>(30,631)</u> |
| Balance at 31 st December, 2015 | 15,396 | 14,425 |
| | ===== | ===== |
| 18. DEFERRED REVENUE | | |
| Balance as at 1 st January | - | 48,968 |
| Charge for the year recognized as other income | <u>-</u> | <u>(2,266)</u> |
| | - | 46,702 |
| On disposal of the property, the balance was net off as at 20 th August, 2015 | <u>-</u> | <u>(46,702)</u> |
| Balance at 31 st December, 2015 | - | - |
| | ===== | ===== |

This is rent received in advance for letting out of the company's building. Revenue is being accrued for on monthly basis in the statement of comprehensive income. The initial agreement for ₦34million expired by 31st May, 2014 which the company recognized over the lease period at a lease rental payment of ₦3,400,000 per annum. The second lease agreement was to cover 1st June, 2014 to 31st May, 2024 for a sum of ₦47,500,000. The unexpired balance and the new lease payment were taken as deferred income to be released to profit or loss account on yearly basis through the lease period.

The property was sold to Zenith Bank Plc in August, 2014 and unexpired lease rental of ₦46,702,280 was net off the sales proceed of ₦210,000,000.

| | | |
|-------------------------------------|---------------|---------------|
| 19. TRADE AND OTHER PAYABLES | 2015 | 2014 |
| | ₦'000 | ₦'000 |
| Trade creditors | 16,315 | 9,336 |
| Other creditors | 17,452 | 23,845 |
| Accruals | <u>75,645</u> | <u>77,203</u> |
| | 109,412 | 110,384 |
| | ===== | ===== |

20. TAXATION

(i) Statement of profit or loss:

| | | |
|------------------------|--------------|-----------------|
| Income tax | 21,585 | 11,419 |
| Tertiary education tax | <u>2,150</u> | <u>1,917</u> |
| | 23,735 | 13,336 |
| Deferred tax (Note 17) | <u>971</u> | <u>(30,631)</u> |
| | 24,706 | (17,295) |
| | ===== | ===== |

(ii) Per statement of financial position:

| | | |
|------------------------------------|-----------------|-----------------|
| | 2015 | 2014 |
| | ₦'000 | ₦'000 |
| Balance at 1 st January | 87,087 | 91,622 |
| Charge for the year | 23,735 | 13,336 |
| Tax investigation liabilities | - | 3,886 |
| Payment during the year | <u>(13,362)</u> | <u>(21,757)</u> |
| | 97,460 | 87,087 |
| | ===== | ===== |

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

21. WITHHOLDING TAX

| | | |
|----------------------------|-----------------|-----------------|
| | 2015 | 2014 |
| | ₦'000 | ₦'000 |
| At 1 st January | 126,750 | 93,984 |
| Addition in the year | 18,374 | 52,362 |
| Tax offset | <u>(11,402)</u> | <u>(19,596)</u> |
| | 133,722 | 126,750 |
| | ===== | ===== |

| | 2015 | 2014 |
|------------------------------------|-----------------|-----------------|
| | ₦'000 | ₦'000 |
| 22. Dividend | | |
| Prior year dividend declared | 19,882 | 19,882 |
| Payments during the year (Note 16) | <u>(19,882)</u> | <u>(19,882)</u> |
| | - | - |
| | ===== | ===== |

In respect of the current year, the directors proposed that a dividend of 10 kobo per 50k ordinary share amounting to **₦19,882** million to be paid to shareholders. The dividend is subject to approval by shareholders at the Annual General Meeting. Consequently, it has not been included as a liability in these financial statements.

23. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

| | | |
|-----------------------|--------|--------|
| Director's fees | 3,010 | 2,820 |
| Auditors remuneration | 2,100 | 2,100 |
| Depreciation | 34,853 | 37,420 |
| | ===== | ===== |

24. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

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

Staff employed:

| | | |
|------------------|------------|------------|
| Management staff | 4 | 5 |
| Senior staff | 8 | 10 |
| Supervisors | 28 | 34 |
| Junior staff | <u>109</u> | <u>112</u> |
| | 149 | 161 |
| | === | === |

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

| ₦ | - | ₦ | | |
|---------|---|---------|----------|----------|
| 350,001 | - | 450,000 | 72 | 82 |
| 450,001 | - | 550,000 | 60 | 64 |
| 550,001 | - | 650,000 | 11 | 10 |
| 650,001 | - | 950,000 | 2 | 2 |
| 950,001 | - | Above | <u>4</u> | <u>3</u> |
| | | | 149 | 161 |
| | | | === | === |

24.2 Emoluments:

| | 2015 | 2014 |
|-------------------------|--------------|--------------|
| | ₦'000 | ₦'000 |
| Chairman | 540 | 480 |
| Other Directors | <u>7,881</u> | <u>7,259</u> |
| | 8,421 | 7,739 |
| | ===== | ===== |
| As Directors fee | 3,010 | 2,820 |
| Emoluments as Executive | <u>5,411</u> | <u>4,919</u> |
| | 8,421 | 7,739 |
| | ===== | ===== |

25. COMMITMENTS AND CONTINGENT LIABILITIES

25.1 *Financial Commitments*

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

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

25.2 *Contingent liabilities*

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

26 RECLASSIFICATION OF PRIOR YEAR BALANCES

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

27. Approval of financial statements

The financial statements were approved by the board of directors on 17th March, 2016.

STATEMENT OF VALUE ADDED

| Year ended 31st December | 2015 | | 2014 | |
|---|-------------------|-----------|------------------|-----------|
| | ₦'000 | % | ₦'000 | % |
| Turnover | 798,557 | | 718,016 | |
| Other income | <u>1,591</u> | | <u>3,667</u> | |
| | 800,148 | | 721,683 | |
| Bought-in materials & services | <u>(461,640)</u> | — | <u>(435,394)</u> | — |
| Value added | 338,508 | 100 | 286,289 | 100 |
| | ===== | ===== | ===== | ===== |
| % of value added | 42% | | 40% | |
| | ===== | | ===== | |
| APPLIED AS FOLLOWS: | | | | |
| In payment to employees: | | | | |
| Wages, salaries and other benefits | 222,454 | 66 | 193,427 | 68 |
| In payment to providers of funds: | | | | |
| Finance cost | 5,523 | 2 | 5,966 | 2 |
| In payment to government: | | | | |
| Income tax | 21,585 | 6 | 11,419 | 4 |
| Education tax | 2,150 | 1 | 1,917 | 1 |
| Retained for future replacement of assets and expansion of business: | | | | |
| Deferred tax | 971 | - | (30,631) | (11) |
| Depreciation | 34,853 | 10 | 37,420 | 13 |
| Profit and loss account | <u>50,972</u> | <u>15</u> | <u>66,771</u> | <u>23</u> |
| | 338,508 | 100 | 286,289 | 100 |
| | ===== | ===== | ===== | ===== |

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

FIVE-YEAR FINANCIAL SUMMARY

| Year ended 31 st December | IFRS 2015 N'000 | IFRS 2014 N'000 | IFRS 2013 N'000 | NGAAP 2012 N'000 | NGAAP 2011 N'000 |
|---|-----------------------|-----------------------|-----------------------|------------------------|------------------------|
| <i>ASSETS EMPLOYED</i> | | | | | |
| Property, plant & equipt. | 199,464 | 208,352 | 60,682 | 45,856 | 48,395 |
| Investment property | - | - | 220,000 | 220,000 | 220,000 |
| Intangible assets | - | - | - | - | 29,988 |
| Short term financial assets | 2,325 | 1,938 | 2,662 | 2,008 | 805 |
| Inventories | 6,853 | 9,372 | 3,993 | 2,681 | 4,012 |
| Trade receivables | 274,970 | 237,809 | 246,763 | 237,098 | 213,630 |
| Other receivables | 160,856 | 148,637 | 113,393 | 90,701 | 77,269 |
| Cash & cash equivalents | <u>11,799</u> | <u>21,353</u> | <u>17,439</u> | <u>6,723</u> | <u>11,449</u> |
| | 656,267 | 627,461 | 664,932 | 605,067 | 605,548 |
| | ===== | ===== | ===== | ===== | ===== |
| <i>EQUITY AND LIABILITIES</i> | | | | | |
| Share capital | 99,410 | 99,410 | 99,410 | 99,410 | 99,410 |
| Retained earnings | 328,675 | 298,089 | 282,100 | 215,107 | 357,731 |
| Reserve for bonus shares | - | - | - | - | - |
| Deferred tax liabilities | 15,396 | 14,425 | 45,056 | 71, 580 | - |
| Deferred revenue | - | - | 48,968 | 52,368 | 55,768 |
| Borrowing-overdraft | 5,914 | 18,066 | 4,582 | 9,105 | 14,065 |
| Trade & other liabilities | 109,412 | 110,384 | 93,194 | 63,838 | 51,961 |
| Tax liabilities | <u>97,460</u> | <u>87,087</u> | <u>91,622</u> | <u>93,659</u> | <u>26,613</u> |
| | 656,267 | 627,461 | 664,932 | 605,067 | 605,548 |
| | ===== | ===== | ===== | ===== | ===== |
| <i>TURNOVER & PROFIT</i> | | | | | |
| Turnover | 798,557 | 718,016 | 716,915 | 601,473 | 563,040 |
| Profit before taxation | 75,678 | 49,476 | 72,665 | 56,168 | 58,518 |
| Taxation | (24,706) | 17,295 | 4,767 | (90,559) | (9,865) |
| Profit/(loss) after taxation | <u>50,972</u> | <u>66,771</u> | <u>77,432</u> | <u>(34,391)</u> | <u>48,653</u> |
| | ===== | ===== | ===== | ===== | ===== |
| <i>PER 50K SHARE DATA (KOBO)</i> | | | | | |
| Earnings per share | 26 | 34 | 39 | (17) | 24 |
| Dividend per share | 10 | 10 | 10 | 5 | 5 |



Trans-Nationwide Express Plc. RC 61750

28, Oshodi /Apapa Expressway, Oshodi, Lagos. P.M.B. 21672, Ikeja. Tel: (01) 8042411, 7360481, 7911695, 0812 368 2573,
0814 304 9473, 0704 618 2356. E-mail: tranex@tranex-ng.com

March 23, 2016

The General Manager,
Head, Quotation / Listings Department,
Nigerian Stock Exchange,
Stock Exchange House,
8th, 9th & 23rd Floors,
2/4, Customs Street,
Lagos.

Dear Sir,

**CERTIFICATION LETTER ON THE FINANCIAL REPORT FOR THE FINANCIAL
YEAR ENDED DECEMBER 31, 2015**

We write to certify that all the information contained in the Financial Report for the year ended December 31, 2015 present the true and fair view of the Company financial position as at the end of the financial year.

Thank you.

Yours faithfully,
For: **TRANS-NATIONWIDE EXPRESS PLC**

SURAJ A. ADEBIYI
Head of Finance

CHIDINMA E. IHEME (MRS)
Managing Director / CEO