Red Star Express
Licensee of Federal Express Corporation

2020 ANNUAL REPORT AND ACCOUNTS

CGRS

Better For Business

RATING CERTIFICATE

This is to certify that

RED STAR EXPRESS PLC

Has successfully completed the Corporate Governance Rating System Assessment

Certified:	Valid* Till:
This 22nd day of February 2018	The 21st day of February 2021

Oscar N. Onyema, OON
Chief Executive Officer
The Nigerian Stock Exchange

Soji Apampa
Chief Executive Officer
The Convention On Business Integrity

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CORPORATE PROFILE

Red Star Express remains the flagship, in the pick-up and delivery of express documents and parcels within the domestic and international market. It is the sole licensee of FedEx Corp. in Nigeria.

Principal Officer
PETER OLUSOLA OBABORI
Group Managing Director/Chief Executive Officer

Ownership Structure
WHOLLY NIGERIAN

International Partner
Federal Express Corporation (FedEx), USA

Founded By
Messrs SONY ALLISON, PATRICK NWOSU and EDDY OLAFESO

Began Operation: OCTOBER, 1992

Going Public: JULY, 2007 | **Listing:** NOVEMBER, 2007

NATIONWIDE NETWORK

- 166 Offices within Nigeria
- Deliveries to over 1,500 communities
- Employs over 1,900 highly trained professional staff with over 700 vehicle fleet.

VISION

To be the company of first choice in the logistics service industry in Africa.

MISSION STATEMENT

To continually design and provide best-in-class logistics solutions to deliver sustainable and rewarding value to all stakeholders.

CORE VALUES

Employing, developing and retaining a well-motivated team oriented workforce, sharing common ideals and values.

- **Ethical Practice:**
  Our company shall play by the values, doing our business in line with international and local laws. We will be professional in the discharge of our duties to all stakeholders and we will demand same from all.

- **STEWARDSHIP:**
  Our bond with our clients and customer will remain absolute with adequate management of all effects entrusted to us.

- **ENTREPRENEURSHIP:**
  Red Star will continue to identify new opportunities and discover new ways to achieve effective services through its people, its processes and technology.

- **EXCELLENCE:**
  Red Star will promote excellence through optimal productivity of its staff at all times and ensure that performances and the achievement of goals will direct its reward system.

RED STAR SUBSIDIARIES

Red Star Express seeks to further meet its clients' demands and ever changing needs by setting up subsidiaries to handle the peculiarity of each segment of the market.

Red Star Freight

A subsidiary with competencies in Air and Sea Freight of Heavyweight Cargo, Container Handling, Packing, Movements and Removals of Personal Effects, Clearing and Forwarding, Door-to-door Pickup and Delivery Service; to and from various local and international offices/depots of our clients. Other services include cargo sales agents for airlines, agro trade services and last-mile delivery for agro produce nationwide.

Red Star Freight is a member of the International Freight Logistic Network (IFNL) thereby having access to over 160 countries and expertise of over 180,000 professionals.

Red Star Logistics

Red Star Logistics is our ground haulage delivery service division. It consists of Haulage of Domestic Heavyweights, Trucking, Cargo Consolidation, Ancillary Services, and Warehousing Services. With a fleet of heavy-duty trucks delivering shipments across Nigeria, this subsidiary provides manufacturers with better logistics integration and speed to market. Other services include home/office relocation and cold chain logistics for temperature controlled goods.

Red Star Support Services

Red Star Support provides outsourcing services to companies in various sectors of the economy. The service involves the provision of dedicated personnel and material resources for the day-to-day running of their customers' operations.

Offerings include Mailroom Management, Dedicated Dispatch, Executive Drivers, Fleet Management, HR Outsourcing, Printing and Packaging and Food Delivery Services.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Suleiman Barau	Chairman
Peter Olusola Obabori	Group Managing Director/Chief Executive Officer
Victor Enobong Ukwat	Executive Director
Auwalu Badamasi Babura	Executive Director
Sule Umar Bichi	Non-Executive Director
Aminu Dangana	Non-Executive Director
Sulaiman L. Koguna	Non-Executive Director
Chioma Sideso	Non-Executive Director

REGISTERED OFFICE	70, International Airport Road Lagos. Tel: 01-2715670 Email: enquiries@redstarplc.com http://www.redstarplc.com
REGISTERED NUMBER	RC No. 200303 FRC NUMBER FRC/2012/0000000000253
SECRETARIES	Frances Ndidi Akpomuka 70, International Airport Road Lagos.
AUDITORS	Ernst & Young 10th & 13th Floor, UBA House Marina, Lagos.
REGISTRARS	United Securities Limited Plot 09, Amodu Ojikutu Street Victoria Island Lagos.
SOLICITORS	Uwensuyi Edosomwan & Co. 195A, Corporation Drive Dolphin Estate Ikoyi, Lagos.
BANKERS	Access Bank Plc Ecobank Plc Fidelity Bank Plc First Bank of Nigeria Limited First City Monument Bank Plc Guaranty Trust Bank Plc Heritage Bank Plc Jaiz Bank Plc Keystone Bank Limited Polaris Bank Limited Stanbic IBTC Bank Plc Sterling Bank Plc Union Bank of Nigeria Plc United Bank for Africa Plc Unity Bank Plc Wema Bank Plc Zenith Bank Plc

BOARD OF DIRECTORS
Who held office during the Financial Year

SULEIMAN BARAU (OON)
Chairman

PETER OLUSOLA OBABORI
Group Managing Director/CEO

AUWALU BADAMASI BABURA
Executive Director,
FINANCE AND ADMINISTRATION

VICTOR ENOBONG UKWAT
Executive Director,
SALES AND MARKETING

SULE UMAR BICHI
Non-Executive Director

ALHAJI AMINU DANGANA
Non-Executive Director

SULAIMAN LAWAN KOGUNA
Non-Executive Director

MRS. CHIOMA SIDESO
Non-Executive Director

PROFILE OF DIRECTORS FOR RE-ELECTION

SULE UMAR BICHI
Non-Executive Director

Mr Sule Umar Bichi is a graduate of Accounting from Bayero University, Kano. He is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA) and Institute of Directors of Nigeria (FIoD). He also holds a Masters Degree (M.Sc.) in Economics from the Lagos State University and is an Alumnus of the Lagos Business School.

Prior to his appointment as Non-Executive Director, he was Managing Director/CEO of Red Star Express Plc for a period of Nine (9) years until the expiration of his contract in August 2016.

Mr Sule Umar Bichi is currently the Managing Director of Madinka Ventures Ltd, Council Member of The Institute of Directors of Nigeria, and Member of Nominations and Governance Committee of The Institute of Directors of Nigeria (IoD Nigeria).

Mr. Sulaiman Koguna is a graduate of Economics from the Eastern Mediterranean University, Cyprus and holds a Post Graduate Diploma in Finance and Management from Loughborough University Leicestershire, UK. He is an experienced insurance professional and a member of the Chartered Insurance Institute UK.

He was a council member of the Standards Organization of Nigeria (SON) and is the Executive Director Marketing, Koguna Babura Insurance Brokers Limited. He is also the Founder/Director e-Insurance Solutions Centre Limited, e-training Institute and e-Island Solutions Limited

SULAIMAN LAWAN KOGUNA
Non-Executive Director

NOTICE OF ANNUAL GENERAL MEETING

FOR THE YEAR ENDED 31 MARCH, 2020

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting of Red Star Express Plc will be held by Proxy at the Radisson Hotel, Isaac John Street, G.R.A, Ikeja, Lagos on Thursday, October 8th 2020 at 11.00am, to transact the following business:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended March 31, 2020, together with the Report of the Directors, Auditors and Statutory Audit Committee thereon;

2. To declare a Dividend;

3. To re-elect the following Directors retiring by rotation:
   a. Mr. Sule Umar Bichi
   b. Mr. Sulaiman Koguna

4. To authorize the Directors to fix the remuneration of the Auditors;

5. To elect members of the Audit committee;

BY ORDER OF THE BOARD

FRANCES NDIDI AKPOMUKA
Company Secretary
FRC/2013/ICSAN/00000002640
August 30, 2020
Lagos, Nigeria

NOTES

1. **Compliance with Covid-19 related Directives and Guidelines**
Further to the guidelines of the Corporate Affairs Commission (CAC) on the conduct of Annual General Meeting (AGM) of Public Companies by Proxies, and need to comply with directives and regulations of the Federal Government of Nigeria, Lagos State Government, and Nigeria Center for Disease Control (NCDC) on safety and health protocols to stem the spread of the Covid-19 pandemic, shareholders are hereby informed that attendance shall only be by Proxy.

The convening and conduct of the AGM is thus being done in compliance with these directives and guidelines.

2. **Proxy**
In view of the foregoing, members are encouraged to appoint Proxies to represent them at the meeting. Consequently, a member of the Company entitled to attend and vote is advised to select from the under listed proposed Proxies:

1.	Mr. Suleiman Barau	-	Chairman/Non-Executive Director
2.	Peter Olusola Obabori	-	Group Managing Director/CEO
3.	Mr. Moses Ogundeji	-	Shareholder Representative
4.	Chief Cyril Ugwumadu	-	Shareholder Representative
5.	Mr. Ganiyu Amoo	-	Shareholder Representative

For the appointment to be valid, a completed and duly executed Proxy Form must be forwarded to the Registrars via email at eforms@unitedsecuritieslimited.com or deposited at the office of the Registrars, United Securities Limited, Plot 009 Amodu Ojikutu Street, Victoria Island, Lagos, not less than 48 hours before the time fixed for the meeting.

A Proxy Form is attached to the Annual Report and is also available for download from the Company's website at www.redstarplc.com.

Stamping of Proxy Forms: The Company has made arrangements at its cost, for the stamping of all duly completed and signed Proxy Forms, submitted to the Company's Registrars within the stipulated time.

3. **Closure of Register**
The Register of members and Transfer Books of the Company will be closed from 21st to 25th September 2020, both dates inclusive to enable the Registrars update the Register of Members in preparation for payment of dividend.

4. **Dividend Payment**
The Board of Directors of the Company, are recommending a dividend of 35kobo per 50kobo share, payable less Withholding Tax. If approved at the meeting, dividend will be paid electronically on the 15th of October 2020, to shareholders whose names appear on the Register of Members as at 18th September 2020, who have completed the e-dividend registration and mandated the Registrars to pay dividends directly into their bank accounts.

5. **Unclaimed Dividends**
Some dividends have remained unclaimed and outstanding. Shareholders affected by this notice are advised to contact the Registrars for resolution.

6. Shareholder Update

Shareholders are kindly requested to update their records and advise the Registrars of their updated details. Detachable Forms in respect of e-dividend payment and shareholder data update are attached to the Annual Report for convenience. The forms can be downloaded from www.unitedsecuritieslimited.com.

The duly completed forms should be delivered to United Securities Limited, Plot 009 Amodu Ojikutu Street, Victoria Island, Lagos.

7. Statutory Audit Committee

In accordance with Section 359(5) of the Companies and Allied Matters Act 2004 ("CAMA"), any shareholder may nominate a shareholder for appointment to the Statutory Audit Committee. Such nomination should be in writing and should reach the Company Secretary at least 21 days before the Annual General Meeting.

Kindly note that the Code of Corporate Governance issued by the Securities and Exchange Commission requires that members should have basic financial literacy and should be able to read Financial Statements.

In view of the above, we request that nominations to the Audit Committee should be accompanied with copies of nominees' Curriculum Vitae.

8. Re-election of Directors

Mr. Sule Umar Bichi and Mr. Sulaiman Koguna are retiring by rotation at this meeting in line with Section 259 of CAMA and the Company's Articles of Association. The retiring Directors are eligible and have offered themselves for re-election as Non-Executive Directors.

The profile of Directors for re-election are included in the Annual Reports and the Company's website at www.redstarplc.com.

9. Rights of Shareholders to ask questions

Shareholders reserve the right to ask questions at the Annual General Meeting. Shareholders may also submit their questions prior to the meeting. Such questions are to be addressed to the Company Secretary and reach the Company at its Head Office or by electronic mail to investorrelations@redstarplc.com not later than 72 hours to the date of the AGM.

10. Electronic Copy of the Annual Report and Accounts

An electronic copy of the 2020 Annual Report and Accounts is available online for viewing and or download via the company's website i.e. www.redstarplc.com.

Shareholders who have provided their email addresses to the Registrars will receive electronic copies of the Annual Report via email. Also, shareholders who wish to receive the electronic version of the Annual Report should send in their request via email to www.unitedsecuritieslimited.com. or investorrelations@redstarplc.com

11. Live Streaming of the AGM

The Annual General Meeting would be streamed live on the Company's YouTube Channel and Facebook page. This will enable shareholders and other stakeholders who would not be attending the meeting physically to also be part of the proceedings.

The link for the live stream would be available on the Company's website i.e. www.redstarplc.com at least 24 hours before the meeting.

CHAIRMAN'S STATEMENT

SULEIMAN BARAU (OON)
Chairman

Distinguished Shareholders, Fellow Board Members, representatives of Regulatory Bodies present, esteemed Ladies and Gentlemen.

Thank you all for being present today and we welcome you to the 27th Annual General Meeting of our company, Red Star Express Plc. It is my pleasure to present to you the Annual Report and Financial Statements for the financial year ended 31st March 2020 and a review of the company's performance during the financial year.

Operating Environment

Following the recession and full year of negative growth in 2016, Nigeria's economy has recovered slowly.

The data from the Nigerian Bureau of Statistics (NBS) confirmed that Nigeria witnessed a slight growth in economic activities for the fifth consecutive quarter in 2019. Overall, Nigeria's economy grew 2.3percent in 2019, slightly higher than it did in the preceding year.

The Nigerian average annual inflation rate for year 2019 was 11.39 percent, this is 0.73 percent lower than the preceding year. Likewise, the Nigeria external reserves went on a downward slide in 2019 coming from a high of $45 billion in May 2019 to a low of $30 billion at the beginning of 2020. This drop was largely as a result of decline in crude oil receipts. And, as it is the case, Nigeria's economic growth was heavily reliant on its oil exports with production levels remaining stable throughout 2019.

The latter parts of the Financial Year 2019/2020 brought the effects of COVID-19 outbreak, which led to the shutdown of countries across the globe. This impacted transportation, aviation, tourism, international trade and general activities in Nigeria and nations across the world.

The reality of the times has made the battle for the revival of the plummeting economy to be multi-faceted. The sudden drop in oil prices to its lowest in recent history, and a global meltdown occasioned by the coronavirus outbreak in key economies have disrupted plans and postulations across various layers of government and other institutions. Annual budget reviews became necessary to reflect this new reality. The overall consequences of the impact of the global pandemic came close to what was witnessed during the global depression of the 1930's

Courier and Logistics Sector

The pandemic and lockdowns have disrupted the entire economy, and strained the operations of every sector in the country, and the Logistics industry is not left out. The nation has witnessed a decline in road, rail and airline activities occasioning huge revenue plunge.

As a result of the coronavirus outbreak, important supply chains in the logistics and transportation industry were hampered to varying degrees across the various sub-sectors with various interpretations of its potential consequences on the entire industry now and in the future.

Financial Performance
In the year under review, our company recorded a revenue of N10.5billion which is 5 percent increase over the preceding year. This increase was made possible as a result of some growth platforms which were established and are being nurtured, which include the West African branch expansion and the new special business units which were championed by the Management of the company to take advantage of some emerging opportunities. We hope to explore this further in the new financial year to minimize the disruptions brought about by the COVID-19 impact.

The company recorded Profit Before Taxation (PBT) of N750 million which is 0.5 percent higher than the preceding year. Likewise, a total of N469 million was reported as the Profit After Tax (PAT) for the year ended, which was 0.6 percent higher than the preceding year. Furthermore, the company recorded basic Earnings Per Share (EPS) of 70 kobo per 50 kobo share which is 11 percent lower than the preceding year.

Earnings and profits are expected to come under severe pressure in the next financial year in spite of measures being put in place to mitigate the severity of the anticipated impact.

Dividend
We remain committed to the creation of shareholder wealth notwithstanding the prevailing economic circumstances, having built a longstanding culture of staying true to our promise of rewarding our investors.

In view of the company's Financial Year 2019/2020 performance, the Board is pleased to recommend for your approval a dividend of 35kobo for every 50kobo ordinary share. The amount if approved, will translate to a total payment of N324 million.

Rights Issue Success
At the Company's Annual General meeting in August 2017, the Company's shareholders approved the raising of additional capital by the company through rights issue.

In December 2019,the rights issue was a huge success as it was subscribed by 102%.The company allotted 336,855,291 ordinary shares of N0.50 each at N4.00 per share to existing shareholders which brings the Company's total allotted and paid up shares to 926,352,051 ordinary shares with a nominal value of N0.50 each.

Corporate Social Responsibilities
We maintained our promise of remaining steadfast in our policy of ensuring that the social and economic welfare of our stakeholders are preserved and sustained through the Red Star Foundation. The company has constantly reviewed the activities of Red Star Foundation and have expanded into new areas.

During the financial year, the Foundation provided relief items to the Nigerian Red Cross Society in Lagos and SOS Homes in several locations including Abuja, Port Harcourt, Kano, Kaduna, and Ibadan.

The company also awarded scholarship to scholars from various parts of Nigeria while we also intervened in the free transportation and delivery of food items and relief materials for some non-governmental agencies during the year in order to give back to the society and the most vulnerable.

Future Outlook

The end of the battle against COVID-19 is still uncertain and our top priority remains the health and safety of our employees, customers and the communities we serve. As we journey through the new financial year, we acknowledge the challenges that may be posed by the ravaging pandemic which will continuously be changing the socio-economic dynamics. However, the Board and Management have a solid commitment to continuously explore new opportunities for revenue generation and expansion by investing strategically in the appropriate resources while also providing a conducive and friendly working environment to keep the entire staff motivated to deliver their best.

Furthermore, we plan to continuously deliver a strong and sustainable performance that enhances maximum returns to our shareholders, as we march forward in the year with confidence and optimism, knowing full well that our businesses have been repositioned to take advantage of key opportunities as we stay on course in the execution of our growth strategy.

Finally, with a heart of gratitude, I pray that we continue to stay safe in the face of the pandemic, as we independently and jointly focus on appropriate actions that will take our great nation and company to greater heights.

Thank you and best regards.

Suleiman Barau.(OON)
Chairman

RESULT AT A GLANCE

	The Group		The Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Revenue	10,548,984	10,066,576	6,289,699	5,849,869
	--------------	--------------	--------------	--------------
Profit before Taxation	750,080	743,469	490,671	658,599
Taxation	(281,091)	(277,221)	(225,489)	(243,826)
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Profit After Taxation	468,989	466,248	265,182	414,773
	=======	=======	=======	=======

GROUP MANAGING DIRECTOR'S REVIEW

The Chairman of the Board, Distinguished Shareholders, Fellow Board Members, Representatives of Regulatory Bodies, Ladies and Gentlemen.

It gladdens my heart to welcome you to the 27th Annual General Meeting of Red Star Express Plc, and to present our company's scorecard in line with the Business of this meeting.

The year reflected again, the resilience of our company to produce exciting report despite the admixture of bliss and woes that may occur from time to time in our local and global socio-economic environment.

1. **The Economic Environment**

   The year commenced with high expectations as the country had recorded five consecutive quarterly growths and the economy was witnessing a rebound after the recession of 2016 which saw a weakening of the purchasing power and substantial devaluation of the Naira.

   Average growth for the year was put at 2.3% while the price of oil which is the mainstay of the Nigerian economy started out at price of $71.32 in April 2019 and closed at an all-time low of $18.38by the end of the business year. The global economy came under pressure as a result of Covid-19 pandemic which broke out in China and has covered most countries and territories of the World, Nigeria inclusive. This has led to tens of millions of infections and hundreds of thousands of deaths. It also has brought a destabilization of the world economy with large scale job losses.

   This development led to the lockdown of economies from early 2020 in various degrees and disrupted businesses, supply chain of many organizations whilst also destabilizing livelihoods across the world.

   Economic experts and authorities have been giving opinions on the extent of impact this would have now and in the future while the race for a breakthrough vaccine continues as most advanced economies have continued with various research efforts to tame this contingency which has brought the World to its knees and has evolved what is now being described as the 'new normal'.

2. **Industry Overview**

   The industry witnessed the entrance of new players across the various service offerings of our company in the year under review. FinTech, as they are called, also played significant roles in disrupting and reshaping the direction of competition as ride hailing companies with sophisticated applications veered into delivery business in order to salvage their businesses and create new revenue streams in the face of stiffer regulations.

   The overall industry performance was hampered in the last quarter of the financial year as a result of the COVID-19 pandemic which saw the total closure of airports to passenger traffic except for humanitarian and essential services where our industry is categorized and therefore given some level of exemption.

   Many countries have seen more than 3 months of lockdown and most industries have been adversely affected causing job losses of untold proportions necessitating various scales of intervention to stimulate the economies and industries back to life. The most hit industries being Aviation, Hospitality, Travels, Tourism and Entertainment whilst Agriculture, Food Supply Chain, Telecommunications, Internet Service Providers, e-Commerce, Medicals, Pharmaceuticals and Diagnostic industries are well positioned to be at the forefront of harnessing the opportunities. The Courier, Express and Parcel industry being a support structure for these industries to reach the markets will also benefit immensely from these opportunities.

3. Financial Performance Review

A review of the company's result shows positive performance across some of the indices with growth in Profit Before Tax which stood at N750m, representing a marginal growth of 0.5% above the preceding year while Profit After Tax stood at N469m representing 0.6% above the preceding financial year.

The company grew its Balance Sheet size by N1.8billion with Total Assets and Shareholders' Funds closing at N7.3billion from N5.5billion in the previous year representing a 32.7% growth. Based on these figures, the company is proposing a dividend of N35kobo per share for FY2019/2020 per unit of Ordinary Share.

Despite the odds within the year, this performance came out of determination, continuous partnership with the industrial sector, launching of new service offerings, extensive retail outlets to cater to the needs of the Small and Medium Enterprises (SMEs), and continuous digitization of our operations and customer-facing platforms. We are assured that as these efforts continue to mature, more visible impact on revenue and profits will be recorded.

4. Strategic Focus

In line with our PSP (People-Service-Profit) Philosophy, the company has remained focused on maintaining its leadership position in Nigeria and in building capacity for the African market. This is being done by hiring skilled workforce who are trained and re-trained in order to continually deliver superior financial performance and wider social impact. In addition, we are committed to strengthening our first-to-last-mile capabilities by expanding our investments in distribution centres and vehicular assets across the country of Nigeria and in our branches within West Africa that will support new business units focused on e-commerce, agro cold chain distribution and partnership with airlines for Cargo consolidation operations, among others. These have no doubt helped to further diversify the revenue profile of our company in the concluded year and will remain strong growth platforms for the future.

In the course of the year, we opened a new branch of Red Star in Benin Republic in addition to Niger Republic and Burkina Faso earlier opened and at the core of this performance, is a vibrant Board of Directors with a long-range strategic focus and a management team that is adaptable, resilient and ready to reinvent itself on a continuous basis, ably supported by a large pool of trained staff and delivery partners across the various locations locally and abroad.

5. Regulatory Compliance

The Company maintained good working and professionally cordial relationship with the various regulatory agencies including but not limited to the Corporate Affairs Commission (CAC), Courier Regulatory Department (CRD) of the Nigeria Postal Service (NIPOST), Standards Organization of Nigeria (SON), the Nigeria Customs Service (NCS), National Drug

Law Enforcement Agency (NDLEA), Nigeria Agricultural Quarantine Services (NAQS), Nigerian Stock Exchange (NSE), The Securities Exchange Commission (SEC), Financial Reporting Council of Nigeria (FRC), National Pension Commission (PENCOM), Nigeria Social Insurance Trust Fund (NSITF), Federal Inland Revenue Service (FIRS), the 36 States Inland Revenue Services and the FCT; the 774 local government areas of Nigeria, the Nigerian Police and other stakeholders in our countries of operation within West Africa.

The Company complied substantially with deadlines for the submission of reports and documents as and when they fell due and we got a few commendation letters from some of the above listed organisations.

6. Future Outlook

Further to the notable success of the Right Issue concluded in March 2020, the Company is well positioned to execute its next phase of growth strategy which will see the expansion of new product offerings across the company and its subsidiaries whilst also investing on strategic assets that will shape the future as we seek to also lead in the digital revolution within our industry.

A careful implementation of our strategy in the coming financial years will produce larger footprints of the Red Star brand in Nigeria and our chosen markets long into the future.

I remain optimistic about the future of our company and the industry, as we pray for God's grace in all our undertakings.

Thank you and best regards.

'Sola Obabori, Ph.D
Group Managing Director/CEO

The Directors are delighted to present their Annual Report together with the consolidated and separate financial statements of Red Star Express Plc ("the Company") and its subsidiaries (together "the Group") for the year ended 31st March 2020.

- **Legal Form**
  Red Star Express Plc was incorporated as a Private Limited Company on 10th of July 1992 under the name, Red Star Express Nigeria Limited and commenced business operations on 12th of October 1992. The Company was subsequently converted to a Public Company in July 2007 and had its shares listed on the Nigerian Stock Exchange on November 14, 2007. The Company has three (3) subsidiaries; Red Star Logistics Limited, Red Star Freight Limited and Red Star Support Services Limited. The results of the Company's subsidiaries have been consolidated in these financial statements.

- **Principal Activities**
  During the year under review, the activities of the Group and Company expanded beyond the provision of courier, freight forwarding and logistics services, mailroom management services, warehousing, e-commerce services and general haulage to include General Sales Agent (GSA), movement of agricultural products as well as printing & packaging.

- **Board Responsibilities**
  The Board of Directors have the final responsibility for management, direction and performance of the company and has the power, authority and duty vested in it by the relevant laws and regulations of the Federal Republic of Nigeria and the Articles of Association of Red Star Express Plc. The Board has overall responsibility for the management of risk and for reviewing the effectiveness of the internal control and risk management system within the Group and Company.

- **Operating Results**
  The table below is a representation of the Group and Company Operating Results:

	The Group		**The Company**	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Revenue	10,548,984	10,066,576	6,289,699	5,849,869
Profit before Taxation	750,080	743,469	490,671	658,599
Taxation	(281,091)	(277,221)	(225,489)	(243,826)
Profit After Taxation	468,989	466,248	265,182	414,773

- **Dividend**
  The Directors are pleased to recommend, subject to approval at the forthcoming Annual General Meeting, the payment of the sum of N324 million Naira which represents a dividend of 35kobo per ordinary share. If the proposed dividend is approved, it will be subject to deduction of withholding tax at 10% and dividend would become payable on the 15th of October 2020 to all shareholders whose names appear on the Company's Register at the close of business on the 18th of September, 2020.

- **Directors**

The Directors who served during the year to the date of this report are:

1. Suleiman Barau - Chairman
2. Peter Olusola Obabori - Group Managing Director/CEO
3. Victor Enobong Ukwat - Executive Director
4. Auwalu Badamasi Babura - Executive Director
5. Aminu Dangana - Non-Executive Director
6. Sulaiman Lawan Koguna - Non-Executive Director
7. Sule Umar Bichi - Non-Executive Director
8. Chioma Sideso - Independent Non-Executive Director

In the period under review no new Directors were appointed and none resigned.

The Board of Directors at present is made up of five (5) Non-Executive Directors (which includes the Chairman and an Independent Non-Executive Director) and three (3) Executive Directors.

The Directors to retire by rotation at the forthcoming Annual General Meeting in conformity with the Articles of Association, and who, being eligible, have offered themselves for re-election at the meeting are: Sule Umar Bichi and Sulaiman Koguna.

- **Records Of Directors' Attendance At Board and Committee Meetings**

In accordance with the provisions of Section 258(2) of the Companies and Allied Matters Act, Cap C.20 Laws of Federation 2004, the record of the Directors' attendance at Directors' meetings during the year under review are hereby disclosed.

The Directors have a formal schedule of meetings and met a total of six (6) times in the year under review. The table below shows the number of meetings (including Board and Board Committees) attended by each Director.

Board Meetings Attendance

Directors	25/4/19	25/6/19	30/9/19	24/10/19	21/1/20	27/2/20	Total
Suleiman Barau	✓	✓	✓	✓	✓	✓	6
Sola Obabori	✓	✓	✓	✓	✓	✓	6
Victor Ukwat	✓	✓	✓	✓	✓	✓	6
Auwalu Babura	✓	✓	✓	✓	✓	✓	6
Aminu Dangana	✓	✓	✓	✓	✓	✓	6
Sulaiman Koguna	✓	✓	✓	✓	✓	✓	6
Sule Umar Bichi	✓	✓	✓	✓	✓	✓	6
Chioma Sideso	AB	✓	✓	✓	✓	✓	5

Strategy & Business Development Attendance Directors

	21/6/19	16/9/19	5/10/19	20/1/20	10/2/20	25/3/20	Total
Peter Olusola Obabori	✓	✓	✓	✓	✓	✓	6
Victor Enobong Ukwat	✓	✓	✓	✓	✓	✓	6
Auwalu Badamasi Babura	✓	✓	✓	✓	✓	✓	6
Aminu Dangana	✓	✓	✓	✓	✓	✓	6
Sulaiman Koguna	✓	✓	✓	✓	✓	✓	6
Sule Umar Bichi	✓	✓	✓	✓	✓	✓	6
Chioma Sideso	✓	✓	✓	✓	✓	✓	6

Governance, Nomination & Remuneration Attendance Directors

	22/6/19	17/9/19	23/10/19	21/1/20	11/2/20	Total
Aminu Dangana	✓	✓	✓	✓	✓	5
Sule Umar Bichi	✓	✓	✓	✓	✓	5
Chioma Sideso	✓	✓	✓	✓	✓	5

Risk Management Attendance Directors

	17/9/19	11/2/20	Total
Peter Olusola Obabori	✓	✓	2
Victor Enobong Ukwat	✓	✓	2
Auwalu Badamasi Babura	✓	✓	2
Aminu Dangana	✓	✓	2
Sulaiman Koguna	✓	✓	2
Sule Umar Bichi	✓	✓	2

Audit Committee

Name	25/4/19	20/6/19	22/7/19	23/10/19	20/1/20	Total
Moses Ayodele Ogundeji***	✓	✓	✓	✓	✓	5
Chief Cyril Ugwummadu***	✓	✓	✓	✓	✓	5
Kolawole Ganiyu Amoo***	✓	✓	✓	✓	✓	5
Sulaiman Koguna	✓	✓	✓	✓	✓	5
Sule Umar Bichi	✓	✓	✓	✓	✓	5
Chioma Sideso	AB	✓	✓	✓	✓	4

AB – absent with apology
*** Shareholders Representatives.

Directors' Shareholding
The direct and indirect interest of Directors in the issued share capital of the Company as recorded in the Register of Directors' shareholding and/or as notified by them for the purposes of sections 275 and 276 of the Companies and Allied Matters Act Cap C20 Laws of Federation 2004 and in compliance with the listing requirements of the Nigerian Stock Exchange are as follows:

S/N	Name	No of Shares held as at 31 March 2019		No of Shares held as at 31 March 2020	
1.	Suleiman Barau	4,000,000	Direct	76,948,614	Direct
2.	Peter Olusola Obabori	356,896	"	1,781,947	"
3.	Victor Enobong Ukwat	54,377	"	179,666	"
4.	Auwalu Badamasi Babura	112,178	"	364,713	"
5.	Sule Umar Bichi	5,416,680	"	8,511,925	"
6.	Aminu Dangana	110,000	"	172,857	"
7.	Sulaiman Koguna	4,020,430	"	6,219,883	"
8.	Chioma Sideso	----	"	----	"

- **Board Appointment And Evaluation Process**
  Red Star Express Plc appoints Directors in line with its Board recruitment process which devolves from its Code of Governance and Business Policies.

  The basic principle underlining the process of recruitment of Directors in Red Star Express Plc. are the qualifications, ability, expertise and skills required for the role and the ability to make visible and independent contribution to the governance of the Company.

- **Directors' Interest In Contracts.**
  For the purpose of Section 277 of the Companies and Allied Matters Act Cap C20 LFN 2004, none of the Directors has notified the Company of any declarable interest in contracts in which the Group and Company was involved during the year under review.

- **Share Capital History**
  The Company's initial authorized share capital was N7Million comprising of 7 million ordinary shares of N1.00 each and subsequently increased at various stages. The shares were sub-divided into ordinary shares of 50 kobo each in 2006. In January 2020, the Company raised capital by the allotment of 336,855,291 shares. Presently, the Company's total allotted shares stand at 926,352,051 ordinary shares of 50kobo each.

  The following changes have taken place in the authorized and issued share capital of the Company since incorporation.

Year	Authorized N'000		Issued and Fully Paid Up N'000		Consideration
Increase	Cumulative	Increase	Cumulative		
1992	7,000,000	7,000,000	3,570,186	3,570,186	Cash
1993	14,000,000	21,000,000	-	3,570,186	-
1994	7,000,0000	28,000,000	-	3,570,186	-
1995	17,000,000	45,000,000	-	3,570,186	-
1996	-	45,000,000	38,358,445	41,928,631	Cash
1998	-	45,000,000	1,238,534	43,167,165	Cash
1999	-	45,000,000	298,947	43,466,112	Cash
2000	-	45,000,000	593,550	44,059,662	Cash
2001	-	45,000,000	102,501	44,162,163	Cash
2002	-	45,000,000	5,000	44,167,163	Cash
2003	10,000,000	55,000,000	7,282,468	51,449,631	Cash
2007	245,000,000	300,000,000	205,798,524	257,248,155	Bonus Issue
2008	-	-	37,500,000	294,748,155	Cash
2014	200,000,000	500,000,000	-	294,748,155	-`
2019	-	500,000,000	168,427,645.5	463,175,800.5	Cash

Analysis of Shareholdings
According to the register of members, the spread of shareholding in the Company as at 31st March 2020 was as follows:

Share Range		Number of Shareholders	Number of Holdings	% shareholding
1	1,000	1,243	507,926	0.05
1,001	5,000	1,106	3,510,292	0.38
5,001	10,000	649	5,418,580	0.58
10,001	50,000	1,107	28,532,714	3.08
50,001	100,000	226	17,159,661	1.85
100,001	500,000	185	41,509,482	4.49
500,001	1,000,000	29	20,584,563	2.22
1,000,001	5,000,000	36	73,326,648	7.92
5,000,001	10,000,000	9	70,392,336	7.60
10,000,001	50,000,000	7	138,429,238	14.94
50,000,001	100,000,000	3	235,458,421	25.42
100,000,001	500,000,000	2	291,462,190	31.46
TOTAL		4,602	926,352,051	100

For The Year Ended 31 March 2019

Share Range		Number of Shareholders	% of Shareholders	Number of Holdings	% shareholding
1	-1,000	1,183	26.48	505,680	0.09
1,001	-5,000	1,076	24.09	3,472,433	0.59
5,001	-10,000	642	14.37	5,404,598	0.92
10,001	-50,000	1,116	24.98	28,867,960	4.90
50,001	-100,000	212	4.75	16,323,689	2.77
100,001	-500,000	171	3.83	37,664,166	6.39
500,001	-1,000,000	25	0.56	18,259,800	3.10
1,000,001	-5,000,000	28	0.63	63,706,105	10.81
5,000,001	-10,000,000	6	0.13	44,113,448	7.48
10,000,001	-1,000,000,000	8	0.18	371,178,881	62.97
TOTAL		4,467	100	589,496,760	100

The Shareholders that have more than 5% holding are as follows:

NAME	2020	%	2019	%
Koguna, Mohammed Hassan	181,367,295	19.58	109,419,912	18.56
Koguna Babura Insurance Brokers Limited	141,226,640	15.25	88,701,159	15.05
Petra Properties Limited	93,584,077	10.10	59,553,504	10.10
Suleiman Barau	76,948,614	8.31	-	-
Apel Capital & Trust Limited (Nominees)	64,925,730	7.01	-	-
Stanbic IBTC Nominees	-	-	64,067,417	10.87

- **Share Dealing Policy**
  In accordance with the Post-Listings Rules of the Nigerian Stock Exchange, Red Star Express Plc., has in place a share dealing policy which regulates securities transactions by its Directors, Employees and other Insiders on terms which are no less exacting than the required standard set out in the Nigerian Stock Exchange Rules. The Policy and Closed Periods are communicated periodically to drive compliance.

- **E-Dividends**
  The introduction of the edividend mandate Form by the Securities and Exchange Commission (SEC) has reduced the number of unclaimed dividend warrants as shareholders are expected to complete and submit copies of the form to the Registrars for direct credit of their respective bank accounts. Any shareholder who is yet to fill the form can download same from the Registrars website www.unitedsecuritieslimited.com or visit their office, United Securities Limited Plot 09, Amodu Ojikutu Street Victoria Island Lagos or Company Secretary.

- **Service Contract Agreements**
  The Company has a contract agreement with Federal Express Europe Inc. and Co. (FedEx) under the Global Service Participant Scheme of FedEx and with TNT Management (Bahrain) E.C. Both Agreements provide for the movement of sensitive documents and parcels worldwide and supported with trading and information technology.

- **Compliance With The Law**
  In the course of the year under review, the Company complied substantially with the substantive laws, corporate governance guideline and regulatory policies in the course of carrying out its business activities some of which are listed hereunder:
  - The Nigerian Stock Exchange Post-listing Rules
  - The Securities and Exchange Commission's Code of Corporate Governance for Public Companies
  - The Companies and Allied Matters Act Cap C20, LFN 2004
  - Financial Reporting Council of Nigeria Act No 6, 2018
  - Economic & Financial Crimes Commission Act
  - Independent and Corrupt Practices Act
  - International Corporate Governance Best Practices
  - Red Star Express Plc Code of Business Conduct and Ethics

- **Donations /Charitable Gifts**

Beneficiaries	2020 (N)	2019 (N)
Loyola Jesuit College	20,000	-
United States Embassy	360,000	-
Nigerian Association of Small-Scale Industries	100,000	250,000
North East Children Trust Fund	-	250,000
African Centre For Supply Chain	-	80,000
TOTAL	**480,000**	**580,000**

- **Taxation**
  Adequate provision has been made for all forms of taxes relevant to the activities carried out by the Group and the Company during the year under review.

- **Property, Plant and Equipment**
  Information relating to changes in property, plant and equipment is given in Note 11 to the financial statements. In the considered opinion of the Directors, the market value of the Company's properties is not less than the value shown in the financial statements.

- **Employment of Persons Living with Disability**
  Every application for employment is duly considered to ensure that there is no discrimination, and everyone is given equal opportunity to develop their expertise and knowledge as well as qualify for promotion in furtherance of their careers. It is the policy of Red Star Express Plc to provide equal employment opportunities for all persons including those that are physically challenged in any way and where staff become disabled, in the course of employment, efforts are geared towards ensuring that their employment continues.
  As at 31 March 2020, no person living with disability applied or was employed by the Company.

- **Employee Involvement and Training**
  Red Star Express Plc is committed to providing its employees with the best opportunities for learning and development and these programmes are intended to challenge our people whilst empowering them to be more proficient as it relates to their individual careers and personal lives. This is achieved by a combination of internal and external trainings which is supported by our experienced in-house Training Faculty, periodic job rotations and mentoring to ensure our

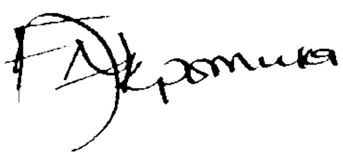
people are well equipped with the essential skills to efficiently carry out their diverse assignments.

- **Health, Safety and Welfare of Employees**
  We ensure that our employees and members of their immediate families have access to free medical health care, under the Health Management Organization (HMO) scheme.

  The company maintains a secure and healthy workplace with fire prevention and fire-fighting equipment installed at strategic locations within the company's offices whilst also retaining a Group Personal Accident and NSITF insurance schemes, as well as a Contributory Pension Scheme for the benefit of the employees.

- **Events After Reporting Date**
  The COVID 19 Pandemic was a material event that occurred after the reporting date and had an effect on the Consolidated and Separate Financial Statements of the Group and the Company as at 31 March 2020 and the profit for the year ended. On that date which have not been adequately provided for or recognized.

- **Auditors**
  The current auditors, Messrs Ernst & Young have indicated their willingness to continue in office in pursuant to section 357(2) of the Companies and Allied Matters Act Cap. C20 LFN 2004. A resolution approving same would be passed at the Annual General Meeting.



FRANCES NDIDI AKPOMUKA
COMPANY SECRETARY
FRC/2013/ICSAN/00000002640
Lagos, Nigeria
28 AUGUST 2020

GOVERNANCE STRUCTURE

Red Star Express Plc is committed to high standards of corporate governance and best practices both within the Company and amongst its subsidiaries.

DIRECTORS AND OTHER KEY PERSONNEL

The Directors and key personnel complied with the Securities and Exchange Commission (SEC) Code of Corporate Governance as well as other disclosure requirements of the Nigerian Stock Exchange and Financial Reporting Council Code of Corporate Governance in the year under review.

SHAREHOLDING

The Company maintains a varied shareholding structure.

THE BOARD GOVERNANCE STRUCTURE

a. Board of Directors

The Board is currently constituted of Eight (8) Directors with the relevant knowledge and expertise required to oversee the activities of the Company. The Board's main responsibility is to determine the strategic direction for the Company and is composed of a Non-Executive Director Chairman, three (3) Non-Executive Directors, One (1) Independent Non-Executive Director, and Three (3) Executive Directors.

The other responsibilities of the Board are as contained in the duly approved Board Charter.

b. Board Membership

1. Suleiman Barau - Chairman
2. Peter Olusola Obabori - Group Managing Director/CEO
3. Victor Enobong Ukwat - Executive Director
4. Auwalu Badamasi Babura - Executive Director
5. Aminu Dangana - Non-Executive Director
6. Sulaiman Lawan Koguna - Non-Executive Director
7. Sule Umar Bichi - Non-Executive Director
8. Chioma Sideso - Independent Non-Executive Director

BOARD COMMITTEES

The Board carries out its oversight functions via its Committees governed by Charters and definite Terms of Reference. There are three (3) Board Committees namely, Governance, Nomination and Remuneration Committee, Strategy & Business Development Committee, Risk Management Committee and the Statutory Audit Committee.

Below are the compositions of the various Committees during the period under review as at 31st March 2020:-

Governance, Nomination and Remuneration Committee

This committee is comprised solely of Non-Executive Directors and its terms of reference are in line with SEC Code of Corporate Governance 2011.

This committee is comprised of three (3) Non-Executive Directors:-

- Alhaji Aminu Dangana - Chairman
- Sule Umar Bichi - Non- Executive Director
- Chioma Sideso - Non Executive Director

Strategy and Business Development Committee

This committee is comprised of seven (7) members: four (4) Non-Executive Directors and three (3) Executive Directors:-

- Chioma Sideso - Chairman
- Sulaiman Koguna - Non- Executive Director
- Alh Aminu Dangana - Non- Executive Director
- Sule Umar Bichi - Non- Executive Director
- Peter Olusola Obabori - Executive Director
- Victor Enobong Ukwat - Executive Director
- Auwalu Badamasi Babura - Executive Director

Risk Management Committee

This committee is comprised of six (6) members: three (3) Non-Executive Directors and three (3) Executive Directors:-

- Sule Umar Bichi - Chairman
- Alh Aminu Dangana - Non- Executive Director
- Sulaiman Koguna - Non- Executive Director
- Peter Olusola Obabori - Executive Director
- Victor Enobong Ukwat - Executive Director
- Auwalu Badamasi Babura - Executive Director

Audit Committee

This committee is comprised of six (6) members: three (3) Shareholders' representatives and two (2) Non-Executive Directors, one(1) independent Non Executive Director:-

- Mr Moses Ayodele Ogundeji - Chairman/Shareholders Representative
- Chief Cyril Ugwumadu - Shareholders Representative
- Mr Kolawole Ganiyu Amoo - Shareholders Representative
- Sule Umar Bichi - Non- Executive Director
- Sulaiman Koguna - Non- Executive Director
- Chioma Sideso - Independent Non- Executive Director

Group Executive Committee

The Group Executive Committee is the highest governing body of Management and meets bi-weekly or as business needs demands to deliberate on implementation of Board approved strategies as well as ensure that the Company's resources are efficiently and effectively deployed. The Committee is headed by the Group Managing Director/CEO ably supported by the Executive Directors, Divisional Managing Directors, and Departmental Heads.

RELATIONSHIP WITH SHAREHOLDERS

The Company maintains a cordial relationship with Shareholders and all shareholders are treated equally regardless of number of shares or social position. Financial and other mandatory information are promptly communicated to shareholders through appropriate media, including quarterly publication of the Group performance in the newspapers and requisite filings with the regulatory bodies.

SHAREHOLDERS COMPLAINT POLICY

In furtherance to the directive of the Securities and Exchange Commission (SEC), the Company has in place a Shareholders Complaint Management Policy geared at standardizing the procedure for shareholders to bring to the attention of the Company complaint regarding their shareholding and how these may be resolved and/or addressed. The policy is available on the Company's website www.redstarplc.com. Complaints/questions/clarifications may also be sent directly to investorrelations@redstarplc.com

INSIDER TRADING AND PRICE SENSITIVE INFORMATION

Directors, insiders and other related persons in possession of confidential price sensitive information ("insider information") are prohibited from dealing with the securities of the Company where such would amount to insider trading. Directors, Insiders and other related persons are also prohibited from disposing, selling, buying or transferring their shares in the Company for a period commencing from the date of receipt of such insider information until such a period when the information is released to the public or any other period as defined by the Company from time to time.

DIRECTORS REMUNERATION POLICY

The Company's Directors remuneration policy takes into consideration the industry in which it operates as well as the performance of the Company at the end of each financial year. The component of the policy includes:-

For Non-Executive Directors:

- payment of Directors annual fees, sitting allowances;
- Sponsorship for training programmes which are required to enhance individual performance of assigned responsibilities.

For Executive Directors:

- Fixed remuneration in line with competitive remuneration paid for comparable positions in the industry
- Variable remuneration based on performance and attainment of set targets

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2020

The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, 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 and Company at the end of the year and of its income statements. 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, CAP C20, Laws of the Federation of Nigeria 2004;

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

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

The Directors accept responsibility for the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and Financial Reporting Council of Nigeria Act, No 6, 2011.

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 and of its profit. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the 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.

SIGNED ON BEHALF OF THE DIRECTORS BY:

SULEIMAN BARAU	PETER OLUSOLA OBABORI
CHAIRMAN	MANAGING DIRECTOR/CEO
FRC/2015/ICENNIG/00000011559	FRC/2016/IODN/00000015290

28 August 2020

REPORT OF THE AUDIT COMMITTEE
TO THE SHAREHOLDERS OF RED STAR EXPRESS PLC

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, we have reviewed the Group's consolidated and separate financial statements for the year ended 31 March 2020 and report as follows:

(a) The accounting and reporting policies of the Group are consistent with legal requirements and agreed ethical practices.

(b) The scope and planning of the external audit was adequate.

(c) The group maintained effective systems of accounting and internal controls during the year.

(d) Management has adequately responded to matters covered in the Management report issued by the external auditors.

MOSES AYODELE OGUNDEJI
CHAIRMAN
FRC/2019/002/00000020255
28 August 2020

Members of the Audit Committee

Mr. Moses Ayodele Ogundeji	Independent shareholder
Mr. Kolawole Ganiyu Amoo	Independent shareholder
Chief Cyril I. Ugwumadu	Independent shareholder
Mr. Sulaiman Koguna	Non-Executive Director
Mr. Sule Umar Bichi	Non-Executive Director
Mrs. Chioma Sideso	Non-Executive Director

Secretary
Frances N. Akpomuka

EY
Building a better working world

Ernst & Young
10th Floor, UBA House,
57, Marina
Lagos, Nigeria.

Tel: +234 (01) 63 14500
Fax: +234 (01) 463 0481
Email: services@ng.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RED STAR EXPRESS PLC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion
We have audited the accompanying consolidated and separate financial statements of Red Star Express Plc (the "Company") and its subsidiaries (collectively the "Group") which comprise the consolidated and separate statements of financial position as at 31 March 2020, the consolidated and separate statements of comprehensive income, The consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of Red Star Express Plc and its subsidiaries as at 31.March 2O20, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board, the relevant provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and requirements of the Financial Reporting Council of Nigeria Act No.6,2011.

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 are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of Red Star Express Plc and its subsidiaries. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Red Star Express Plc and its subsidiaries. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance- in our audit of the consolidated and separate financial statements of the current year. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material rnisstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Determination of Key Audit Matters	How the matter Was addressed in the audit
Calculation of Expected Credit Losses on Financial assets During the year, the Group's financial assets which are made up of trade receivables and short-term deposits were subjected to impairment review in fine with the requirements of IFRS 9. The financial assets of N3.9 billion were partially impaired with an allowance for impairment of N182 million. The determination of the expected credit loss on the financial assets involves management judgment and consideration for factors in determining the Probability of Default (PD) .. the Loss Given Default (LGD), the Recovery Rate and the Exposure at Default (EAD), forward looking Information in the model building process and certain micro and macro-economic variable such as: ● GDP growth rate ● Exchange rates ● Inflation rates The determination of the expected credit loss of financial assets is a key audit matter as it requires the use of management's judgement in determining the extent to which each of the financial assets are impaired; and total financial assets is significant. The accounting policy on impairment of financial assets is set out in Note 3.2 while the disclosure of impairment of financial assets is set out in Note 17 and 31 to the consolidated and separate financial statements.	Our audit procedures in relation to impairment of financial assets include: ● We tested the financial assets in accordance with the entity's accounting policies and applicable financial reporting framework. ● We ascertained that the financial assets are measured at amortised cost using the effective interest-rate method less allowance for impairment. ● We reviewed the groupings of receivables based on number of days, trade debt became past due and isolated advances from customers for the purpose of impairment allowance calculations. ● We reviewed the 1FRS 9 model prepared by Management for computation of impairment of financial assets in line with the requirements of IFRS 9. ● We reviewed the basis of management's judgements for each financial asset as well as periodic reports prepared to validate management's position. ● We performed our audit. reasonableness tests calculation on expected credit losses and compared with the Company's estimates. ● We reviewed the qualitative and quantitative disclosures for reasonableness to ensure conformity with IFRS 7 - Financial Instruments Disclosures.
Estimates on Defined Benefit Plan The Group contributes to a duly registered gratuity scheme operated by Red Star Retirement Benefit Scheme; employees are eligible to join the scheme after 3 years of continuous service to the Company. The cost of the defined benefit pension plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. There are complexities involved in the valuation and it has a long-term nature, a defined benefit obligation is highly sensitive to changes in the assumptions made. We consider this a key audit matter due to the significance of the amount and the fact that the actuarial assumptions used in the estimate of defined benefit plan are judgmental particularly with respect to the determination of the discount rates, future salary increases, mortality rates and future pension increases. The policy on defined benefit plan is set out in Note 3.14 while disclosure of the estimates on defined benefit plan is set out in Note 23 to the consolidated and separate financial statements.	With the involvement of our actuarial specialist, we have performed the following procedures on the actuarial valuation of defined benefit obligation: ● We obtained the actuarial valuation report of the Group which was computed by an Independent Specialist. ● We reviewed the valuation methodology for compliance with. IFRS. We evaluated whether the actuarial methodologies are consistent with those used in the prior periods. ● We assessed the competence, independence and objectivity of the actuarial specialists engaged by the Company. ● We tested the accuracy and completeness of the underlying data used in the actuarial valuations by checking to the financial bases and demographic assumptions and other data.

Other Information
The directors are responsible for the other information. The other information comprises the Report of the Directors, Corporate Governance Report, Report of the Audit Committee, Statement of Value Added and Five-Year Financial Summary as required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date- Other information does not include the consolidated and separate financial statements and our auditor's' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do 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 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 obtained prior to the date of this auditor's' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements
The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and the relevant provisions of the Companies and Allied Matters Act; CAP C20, Laws of the Federation of Nigeria 2004, and Financial Reporting Council of Nigeria Act No. 6,2011 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 and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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 skepticism 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 and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the 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 and the Company'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 or the Company 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 and the Company to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group and the Company audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, we confirm that:

(j) 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) In our opinion proper books of account have been kept by the Group and the Company, in so far as it appears from our examination .of those books; and

(iii) The Group and the Company's Consolidated and Separate Statements of Financial Position and Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income are in agreement with the books of account.

Omolola Alebiosu, FCA
FRC/2012/ICAN/00000000145
For: Ernst&Young
Lagos, Nigeria

28 August 2020

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

		The Group		The Company	
	Note	**2020**	**2019**	**2020**	**2019**
		N '000	**N '000**	**N '000**	**N '000**
Revenue from contract with customers	4	10,548,984	10,066,576	6,289,699	5,849,869
Cost of Sales		(7,863,882)	(7,290,061)	(4,410,826)	(3,981,358)
GROSS PROFIT		2,685,102	2,776,515	1,878,873	1,868,511
Administrative expenses	6	(2,164,475)	(2,131,331)	(1,489,420)	(1,354,087)
Other operating income	5	272,164	119,397	95,479	134,044
Total operating profit		792,791	764,581	484,932	648,468
Finance income	7.1	17,785	12,794	13,122	10,131
Finance cost	7.2	(60,496)	(33,906)	(7,383)	-
PROFIT BEFORE TAXATION		750,080	743,469	490,671	658,599
Taxation	9.1	(281,091)	(277,221)	(225,489)	(243,826)
PROFIT AFTER TAXATION		468,989	466,248	265,182	414,773
Other comprehensive income not to be reclassified to profit or loss in subsequent periods.					
Fair value loss on Equity instruments at FVOCI	14.1	(140)	-	(140)	-
Re-measurement gains on defined benefit plan	23.2	127,135	54,852	127,135	54,852
Tax effect	15.1	(38,140)	(16,456)	(38,140)	(16,456)
Other comprehensive income for the year, net of tax		88,855	38,396	88,855	38,396
Total comprehensive income for the year, net of tax		557,844	504,644	354,037	453,169
Profit attributable to ordinary equity holders		468,989	466,248	265,182	414,773
Total comprehensive income for the year attributable to ordinary equity holders		557,844	504,644	354,037	453,169
Earnings per share (Naira)	10				
Basic earnings per share		0.70	0.76	0.39	0.68

** All subsidiaries are 100% owned by the Company hence all profits or losses and other comprehensive income belong to the owners of the Company.

See notes to the consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	The Group 2020 N'000	2019 N'000	The Company 2020 N'000	2019 N'000
ASSETS					
Non-current assets					
Property, plant & equipment	11	1,363,326	1,388,952	693,551	691,856
Intangible assets	12	61,290	47,508	59,357	47,508
Right of use asset	21	325,544	-	74,824	-
Long term prepayments	13	127,011	90,149	12,877	17,861
Equity instrument at fair value through other comprehensive income	14.1	395	535	395	535
Investment in subsidiaries	14.2	-	-	374,065	374,065
Employee benefit assets	23.2	73,988	-	74,374	-
Total non-current assets		**1,951,554**	**1,527,144**	**1,289,443**	**1,131,825**
Current assets					
Inventories	16	51,651	50,901	44,865	46,838
Trade and other receivables	17	3,384,584	3,354,230	2,623,905	2,720,177
Current prepayments	13	114,751	93,422	108,628	84,363
Cash and bank	18	1,825,177	522,334	1,643,519	395,797
Total current assets		**5,376,163**	**4,020,887**	**4,420,917**	**3,247,175**
TOTAL ASSETS		**7,327,717**	**5,548,031**	**5,710,360**	**4,379,000**
EQUITY AND LIABILITIES					
Equity					
Share capital	19	463,176	294,748	463,176	294,748
Share premium	20	1,437,001	296,433	1,437,001	296,433
Retained earnings		2,476,242	2,171,742	1,574,152	1,473,459
Fair value of equity instrument designated at FVOCI		(140)	-	(140)	-
Total equity		**4,376,279**	**2,762,923**	**3,474,189**	**2,064,640**
Liabilities					
Non-current liabilities					
Employee benefit liabilities	23.2	-	46,336	-	44,365
Deferred tax liabilities	15	181,922	172,274	94,955	50,380
Lease Liabilities	21	126,891	33,925	40,536	-
Total non-current liabilities		**308,813**	**252,535**	**135,491**	**94,745**

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
continued

		The Group		The Company	
	Note	**2020**	**2019**	**2020**	**2019**
Current liabilities		**N'000**	**N'000**	**N'000**	**N'000**
Trade and other payables	24	2,143,764	2,151,422	1,851,149	1,996,721
Lease liabilities	21	122,475	90,392	15,595	-
Income tax liabilities	9.2	332,141	290,759	233,936	222,894
Loans and borrowings	22	44,245	-	-	-
Total current liabilities		**2,642,625**	**2,532,573**	**2,100,680**	**2,219,615**
Total liabilities		**2,951,438**	**2,785,108**	**2,236,171**	**2,314,360**
TOTAL EQUITY AND LIABILITIES		**7,327,717**	**5,548,031**	**5,710,360**	**4,379,000**

The consolidated and separate financial statements were approved by the Board on 26th August 2020 and signed on its behalf by:

Suleiman Barau Chairman	Peter Olusola Obabori Group Managing Director	Badamasi Babura Auwalu Finance Director
28 AUGUST 2020 FRC/2015/ICENNIG/00000011559	28 AUGUST 2020 FRC/2016/IODN/00000015290	28 AUGUST 2020 FRC/2016/ICAN/00000014402

See notes to the consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

The Group

	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Fair value of Equity instrument designated at FVOCI N'000	Total N'000
As at 1 April 2019	294,748	296,433	2,171,742	-	2,762,923
Profit for the year	-	-	468,989	-	468,989
Other comprehensive income:					
- Re-measurement gain on defined benefit plan	-	-	88,995	-	88,995
- Fair value of equity instrument designated at FVOCI	-	(140)	(140)		
Dividend (Note 27)	-	-	(253,484)	-	(253,484)
Right issue	168,428	1,178,994	-	-	1,347,422
Transaction cost on right issue	-	(38,426)	-	-	(38,426)
As at 31 March 2020	**463,176**	**1,437,001**	**2,476,242**	**(140)**	**4,376,279**

Consolidated statement of changes in equity
for the year ended 31 March 2019

	Issued Capital N'000	Share Premium N'000	Retained Earnings N'000	Total N'000
As at 1 April 2018 (restated)	294,748	296,433	1902,890	2,494,075
Profit for the year	-	-	466,248	466,248
Other comprehensive income:				
- Re-measurement loss on defined benefit plan	-	-	38,396	38,396
Dividend (Note 27)	-	-	(235,796)	(235,796)
As at 31 March 2019	**294,748**	**296,433**	**2,171,742**	**2,762,923**

The Company

	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Fair value of Equity instrument designated at FVOCI N'000	Total N'000
As at 1 April 2019	294,748	296,433	1,473,459	-	2,064,640
Profit for the year	-	-	265,182	-	265,182
Other comprehensive income:					
- Re-measurement gain on defined benefit plan	-	-	88,995	88,995	
- Fair value of equity instrument designated at FVOCI	-	(140)	(140)		
Dividend (Note 27)	-	-	(253,484)	-	(253,484)
Right issue	168,428	1,178,994	-	1,347,422	
Transaction cost on right issue	-	(38,426)	-	-	(38,426)
As at 31 March 2020	**463,176**	**1,437,001**	**1,574,152**	**(140)**	**3,474,189**

Statement of changes in equity for the year ended 31 March 2019

	Issued Capital N'000	Share Premium N'000	Retained Earnings N'000	Total N'000
At 1 April 2018 as restated	294,748	296,433	1,256,086	1,847,267
Profit for the year	-	-	414,773	414,773
Other comprehensive income:				
Re-measurement gain on Defined benefit plan	-	-	38,396	38,396
Dividend (Note 27)	-	-	(235,796)	(235,796)
As at 31 March 2019	**294,748**	**296,433**	**1,473,459**	**2,064,640**

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Note	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
CASHFLOW FROM OPERATING ACTIVITIES					
Cash received from customers		10,790,794	9,762,597	6,481,450	5,561,072
Cash paid to suppliers and employees		(9,839,584)	(8,820,619)	(5,992,547)	(5,061,768)
Tax paid	9.2	(37,029)	(83,774)	(18,094)	(13,551)
Cash outflow from long term prepayment	13	(194,208)	(120,417)	(152,539)	(108,979)
Net cash provided by operating activities	26	719,973	737,787	318,270	376,774
CASHFLOW FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	11	(893,291)	(466,243)	(172,441)	(213,742)
Purchase of intangible assets	12	(56,892)	(40,335)	(54,492)	(40,335)
Additions to right of use assets	21	(34,970)	-	(30,970)	-
Proceeds from sale of property plant and equipment		392,249	1,928	233	887
Refund from PPE Vendor	11	-	2,398	-	2,398
Interest received	7	17,785	12,794	13,122	10,131
Dividend received	5	-	-	76,061	87,517
Net cash used in investing activities		(575,119)	(489,458)	(168,487)	(153,144)
CASHFLOW FROM FINANCING ACTIVITIES					
Proceeds from lease obligation	21	202,548	48,300	2,549	-
Dividend paid	27	(231,073)	(216,697)	(231,073)	(216,697)
Refund of unclaimed dividend from registrars	27	36,668	-	36,668	-
Interest paid	21,22	(53,113)	(33,906)	-	-
Payment of lease obligation	21	(131,081)	(71,395)	-	-
Proceeds from right issue	19,20	1,308,996	-	1,308,996	-
Proceeds from borrowings	22	100,000	-	-	-
Payment of borrowings	22	(55,755)	-	-	-
Net cash provided by/(used in) financing activities		1,177,190	(273,698)	1,117,140	(216,697)
Net increase / (decrease) in cash and cash equivalents		1,322,044	(25,369)	1,266,923	6,933
Net foreign exchange difference		(19,201)	(2,165)	(19,201)	(2,165)
Cash and cash equivalents at the beginning of the year		522,334	549,868	395,797	391,029
Cash and cash equivalents at the end of the year	18	1,825,177	522,334	1,643,519	395,797

1 Corporate information

Red Star Express Plc (the Company) was incorporated as a Private Limited Liability Company on 10 July 1992 and commenced business on 12 October 1992. Its shares were admitted to the official list of the Nigerian Stock Exchange on 14 November 2007. 18.56% of the issued share capital of the Company is held by Koguna Mohammed, Hassan and 81.44% by Nigerians.

The registered office is located at 70 International Airport Road, Lagos, Nigeria. The company has three (3) subsidiaries; Red Star Freight Limited, Red Star Logistics Limited and Red Star Support Services Limited. The results of the Company's subsidiaries have been consolidated in these consolidated and separate financial statements.

The Group is principally engaged in the provision of courier services, mail management services, freight services, logistics, ware housing and general haulage.

2.1 Basis of preparation and adoption of IFRS

The consolidated and separate financial statements of Red Star Express Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB), the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and Financial Reporting Council of Nigeria Act, No 6, 2011. These consolidated and separate financial statements include the application of IAS 27 to the company's investment in its subsidiaries. Separate financial statements, as envisaged by IAS 27, are therefore presented as required under IFRS.

The consolidated and separate financial statements have been prepared on a historical cost basis, except for the under mentioned areas which are measured as indicated:

- Financial instruments measured at fair value
- Defined benefit plan is recognised as the net total of the plan assets plus unrecognised past service cost and unrecognised actuarial gains and the present value of the defined benefit obligation
- Inventories measured at net realizable value

2.2 Functional currency, presentation currency and the level of rounding

The consolidated and separate financial statements are presented in Naira (N) rounded to the nearest thousand, unless otherwise indicated. The Naira is also the functional currency of the Group.

2.3 Significant accounting judgments, estimates and assumptions

The preparation of the consolidated and separate financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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 and separate financial statements.

2.3.1 Revenue from Contracts with Customers
The group and the company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the timing of rendering of services
The group and the Company concluded that revenue from contract with customers is to be recognised over time because the group's performance does not create an asset with alternative use to the group and the group has an enforceable right to payment for performance completed to date.

The group and the Company has determined that the output method is the best method in measuring progress because it can demonstrate that the invoiced amount corresponds directly with the value to the customer of the group's performance completed to date.

2.3.2 Financial Instruments
Provision for expected credit losses of trade receivables
The group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the group's historical observed default rates. The group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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 and the Company's trade receivables is disclosed in Note 17.

2.3.3 Going concern
The company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast

significant doubt upon the Company's ability to continue as a going concern. Therefore, the consolidated and separate financial statements continue to be prepared on the going concern basis.

2.3.4 Discount rate used to determine the incremental borrowing rate

The Group and the Company 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 and the Company 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 Group and the Company 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 and the Company's stand-alone credit rating).

2.3.5 Useful lives of Property, plant and equipment

The Group carries its property, plant and equipment at cost in the consolidated statement of financial position. Estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group and the Company'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 periodically. 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.

2.3.6 Useful lives of Intangible assets

The group's intangible assets include purchased computer software and software licences with finite useful lives.

Estimates and assumptions made to determine their carrying value and related amortisation are critical to the Group's financial position and performance. The charge in respect of periodic impairment 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 periodically. The lives are based on historical experience with similar intangible assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

2.3.7 Defined Benefit Plan

The cost of the defined benefit pension plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers only the Nigerian Government bonds market yield as at the reporting date.

2.4 Changes in accounting policy and disclosures

2.4.1 New and amended standards and interpretations

The Group and the Company applied IFRS 16 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standards are described below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated and separate financial statements of the Group and the Company. The Group and the Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the Statement of Financial Position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group and the Company is the lessor.

The group and the Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The group and the Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Group and the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The effect of adopting IFRS 16 as at 1 April 2019 (increase/(decrease)) is, as follows:

	The Group Increase/(decrease) N'000	The Company Increase/(decrease) N'000
Assets		
Right-of-use assets	419,487	46,199
Prepayments	(9,500)	-
Property, plant& equipment	(363,788)	-
Total assets	46,199	46,199
Liabilities		
Lease liabilities	170,516	46,199
Finance lease from prior year	(124,317)	-
Total liabilities	46,199	46,199
Total adjustment on equity		
Retained earnings	-	-
	-	-

The group and the company has lease contracts for rented land office buildings, warehouses and motor vehicle. Before the adoption of IFRS 16, the Group and the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 3.11 Leases for the accounting policy prior to 1 April 2019.

Upon adoption of IFRS 16, the Group and the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 3.11 Leases for the accounting policy subsequent to 1 April 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group and the Company.

- **Leases previously classified as finance leases**
  The group and the Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 April 2019.

- **Leases previously accounted for as operating leases**
  The group and the Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the

amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The group and the Company also applied the available practical expedients wherein it:
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 April 2019:
- Right-of-use assets of N46.1 million and N46.1 million were recognised and presented separately in the statement of financial position for the Group and the Company respectively.
- Additional lease liabilities of N46.1 million and N46.1 million were recognised for the Group and the Company.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

	The Group N'000	The Company N'000
Assets		
Operating lease commitments as at 31 March 2019	124,007	-
Weighted average incremental borrowing rate as at 1 April 2019	14.9%	14.9%
Discounted operating lease commitments as at 1 April 2019	46,199	46,199
Less:		
Commitments relating to short-term leases	-	-
Add:		
Commitments relating to leases previously classified as finance leases	124,317	-
Lease payments relating to renewal periods not included in operating lease commitments as at 31 March 2019	-	-
Lease liabilities as at 1 April 2019	170,516	46,199

Operating lease commitments as at 31 March 2019 was Nil because there were no operating lease recognised in the books of the Company in 2019.

3. Summary of significant accounting policies

The following are the significant accounting policies applied by Red Star Express Plc in preparing its financial statements:

3.1 Revenue from contracts with customers

The Group is principally engaged in the provision of courier services, mail management services, freight services, logistics, ware housing and general haulage. Revenue from contracts with customers is recognised when control of the 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 services. The group has generally concluded that it is the principal in its revenue arrangements, because it has the right to payments at the point of sale. The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

Definition of customer

A customer is a party that has contracted with an entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. The group assesses the definition of customer in line with the requirement of IFRS 15 and conclude that its services are rendered to cash customers and credit customers. Credit customers are further divided into those with Service Level Agreement (SLA) and those without Service Level Agreement (SLA). Cash customers are walk in customers, payment is required from this set of customer before the service can be rendered.

Credit customers without service level agreement (SLA): For this set of customers, the company assist them to send their mails but invoice is tendered at the end of the month for payment. Credit customers with SLA: For this set of customers, a written agreement is entered into for the collection of mails over a specific period.

The services are entirely sold to the three categories of customers and the entities have the right to payments upon sale of the services.

Identification of contracts with customer

The group has entered into a valid contract with customers through the approved Local Purchase Order, quotation or procurement agreement. Such valid contracts commence on performance. Specifically, the assessment of IFRS 15 criteria in line with the group's contracts reveals the following;

(a) The group and its customers have approved contracts which are usually written and the parties are committed to performing their respective obligations.
(b) The group and its customers understand their rights regarding the services being rendered as it is usually stated in the contracts.
(c) The group have agreed payment terms with their customers as stated in the contracts.
(d) The group contracts with their customers are those of commercial substance. This forms a basis for recognizing revenue and affects the timing of their cash flows.
(e) The group always assesses the probability that it will collect the estimated transaction price from the customer prior to entering the agreement with its customers.

Collectability
IFRS 15 specifies that an entity shall account for a contract with a customer that is within the scope of this Standard only when it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. The group's revenue transaction and procedures shows that the arrangements will pass the collectability criterion as it is probable that it will collect the consideration to which it will be entitled in exchange for the services that will be transferred to a customer.

Contract enforceability and termination clauses
IFRS 15 states that some contracts with customers may have no fixed duration and can be terminated or modified by either party at any time. Other contracts may automatically renew on a periodic basis that is specified in the contract. An entity shall apply this Standard to the duration of the contract (i.e. the contractual period) in which the parties to the contract have present enforceable rights and obligations. The group has entered into valid contracts that remain binding on the contracting parties for the specified contract duration without any simple termination clause because all parties to the contract have present enforceable rights and obligations throughout the contract period.

By implication, the group and its respective customers cannot unilaterally terminate the contract. All parties are bonded by their respective contracts unless there is a material and adverse breach by any of the parties. The Group has evaluated that in certain contracts, it has the ability to enforce its rights and obligations throughout the stated term of the contracts or the term in which the substantial termination payment covers because substantive termination payments have commercial substance i.e. these payments can affect the financial position or performance of the Group if unperformed and signifies a commitment by both parties to execute the contract.

The Group equally has contracts with customers which contain termination clauses. These contract specifically contains termination clauses relating to the effective date of the contract. However, after the effective date of the contract, both parties have enforceable rights and obligations only for the notice period of termination. Therefore, the Group has assessed that for contracts without substantive termination payments, the contract enforceability period is the given period of notice to terminate the contract from the effective date of the contract. Additionally, contracts with cash customers and credit customers without SLA commences on performance as the Group has no written contracts for such services. Red Star Express Group has identified an accounting policy development initiative, which involves appropriately identifying and developing accounting policies that will guide them in making judgements about what constitutes a substantive payment and how to evaluate termination clauses.

Combining contracts
IFRS 15 requires entities to combine contracts entered into at, or near, the same time with the same customer (or related parties of the customer) if they meet one or more of the following criteria:
(a) the contracts are negotiated as a package with a single commercial objective;
(b) the amount of consideration to be paid in one contract depends on the price or performance of the other contract; or
(c) the goods or services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation.

The group assesses the criteria presented in IFRS 15.17 which shows that the group cannot combine contract with same customer because no future transaction is envisaged at the point of entering into a contract and consideration received from each contract is also independent of the performance obligation in another contract with the same customer. However, contracts with similar characteristics and different customers are combined by applying the portfolio approach practical expedient.

Identifying performance obligation

IFRS 15 that at contract inception, an entity shall assess the goods or services promised in a contract with a customer and shall identify as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer. The Group is principally engaged in the provision of courier services, mail room management services, outsourcing, freight services, and logistics, ware-housing and general haulage. The performance obligations are the promised services in the contracts. For cash customer and credit customer without SLA, each promised services represent separate performance obligations since the services are distinct (by themselves, or as part of a bundle of services). The Group assessed its contracts with customers as a portfolio of contracts due to the similarity of services to be provided, terms and conditions and accounting treatment and thereby applied the practical expedient all customers' contracts as divided into cash customers, credit customers with and without service level agreement.

Distinct goods and services

Revenue from services rendered such as courier services, mail management services, freight services, logistics, ware housing and general haulage to customers is recognised overtime, using a measure of progress when control is transferred to the customer, generally as services are delivered to customers.

The group has assessed that the group's performance does not create an asset with alternative use to the group and the group has an enforceable right to payment for performance completed to date. Performance obligation relating to credit customers with SLA indicates that the promises are series of distinct service which are substantially the same and have the same pattern of transfer. Services rendered does not create an asset with alternative use and the group have a right to payment for performance completed to date.

The group would measure its progress toward satisfaction of the performance obligation using the same measure of progress for each distinct good or service in the series. The group determines the appropriate method for measuring progress by considering the nature of the service that was promised to transfer to the customer. By implication, the group measures progress using the output method by deciding to use the practical expedient in IFRS 15:B16 to apply the output method since it can demonstrate that the invoiced amount corresponds directly with the value to the customer of the Company's performance completed to date.

The group recognises revenue from goods sold over time, using an output method to measure progress towards completion, because the group's performance does not create an asset with alternative use to the group and the group has an enforceable right to payment for performance completed to date.

Contract and performance obligation relating to cash customers and credit customers without SLA indicates that the promises are distinct service and revenue can be recognised at a point in time.

The group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the group considers the effects of variable consideration, the existence of significant financing components, and consideration payable to the customer.

Variable consideration
If the consideration in a contract includes a variable amount, the group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The group has assessed that there are no variable consideration in its contracts with customers.

Significant financing component
Generally, the group receives short-term advances (deposits) from its customers. Using the practical expedient in IFRS15, 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 good or service to the customer and when the customer pays for that good or service will be one year or less.

Also, for sales transactions, the receipt of the consideration by the group does not match the timing of the transfer of the good to the customer (e.g., the balance of the consideration is paid after the good has been delivered). 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 since it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or 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 of 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.

- **Non-refundable upfront fees**
  The group on few occassions receive advance payment from customers for services to be provided in the future. These advances are non refundable. These contracts are wholly unperformed contracts as at the time of receipt of the advances, hence they create a contract liability. The group will continually recognise advance payment for future goods or services as contract liabilities. Revenue will be recognised when the goods or services are delivered or performed.

3.2 Financial instruments initial recognition and subsequent measurement
IFRS 9 Summary of significant accounting policies
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. Financial assets are subsequently measured at 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.

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.

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
  The group's financial assets includes financial assets at amortised cost and equity instruments at FVOC

Financial assets at amortised cost (debt instruments)
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 Cash & bank balances, short term deposits, trade receivables and other receivable..

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group and the Company can elect to irrevocably classify its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The group and the Company elected to irrevocably classify its listed equity investments under this category.

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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

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).

For trade receivables and intergroup receivables (involving sales in the ordinary course of business) , the group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For receivables from related parties (non-trade), 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.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon.
- EAD - The Exposure at Default 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.
- LGD - The Loss Given Default 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
- Inflation rate

Write-offs
Financial assets are written off either partially or in their entirety only when the group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to 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, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

Loans and borrowings
After initial recognition, loans and borrowings and trade and other payables 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.

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.

ii) 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.

3.3 Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are amortised over the useful economic life 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 are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss as the expense category that is consistent with the function of the intangible assets. 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 profit or loss when the asset is derecognised.

Intangible assets include computer software and software licences.
Purchased software and software licences with finite useful lives are recognised as assets if there is sufficient certainty that future economic benefits associated with the item will flow to the entity. Amortisation is calculated using the straight-line method over 3 years. The amortisation method and the useful life are reviewed annually.

Computer software primarily comprises external costs and other directly attributable costs.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

3.4 Property, Plant and Equipment

Property, plant and equipment are initially recognized at cost but subsequently recognized at cost less accumulated depreciation and accumulated impairment loss.

Cost comprises the cost of acquisition and costs directly related to the acquisition up until the time when the asset is available for use. In the case of assets of own construction, cost comprises direct and indirect costs attributable to the construction work, including salaries and wages, materials, components and work performed by subcontractors.

Replacement or major inspection costs are capitalised when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

The depreciation base is determined as cost less any residual value. Depreciation is charged annually on a straight-line basis over the estimated useful lives of the assets and begins when the assets are available for use. The depreciation method and the useful life are reviewed annually.

Asset category	**Useful lives**
Building	40 years
Improvement on building	Remaining depreciable life
Plants and Machinery	3 - 10 years
Trucks	3 - 6 years
Trailers	4 - 8 years
Motor Vehicles	2- 4 years
Motor cycles	3 years
Furniture, Fittings and Equipment	3 - 5 years
Computer and other I.T Equipment	3 years

We agree the following groups to form part of the new asset categories:

Plants & Machinery

Category	**Policy**
1-5 KVA	3 years
6-50 KVA	5 years
Above 50 KVA	8 years
Others	10 years

Building
Freehold Buildings to be depreciated for a period of 40 years (2.5%)

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

3.5 Earnings per share
Basic earnings per share
Basic earnings are determined by dividing the profit attributable to share-holders by the weighted average number of shares on issue during the year.

3.6 Impairment of non-financial assets
Property, plant and equipment and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or in the case of indefinite life intangibles, then the asset's (CGU's) recoverable amount is estimated. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash-generating units (CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGUs). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds 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 to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, Impairment losses on non-revalued assets are recognised in profit or loss as an expense, while reversals of impairment losses are also stated in profit or loss.

3.7 Inventories
Inventories are valued at the lower of cost and net realizable. Costs of inventories shall comprise of the costs of bringing the inventories into its present location and condition.

Net Realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Purchase cost on a first in, first out basis.

3.8 Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position.

3.9 Taxes
Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the

reporting date in Nigeria. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

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.

Deferred taxation

Deferred tax is provided using the liability method in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits.

No deferred tax is recognised when relating to temporary differences that arise 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.

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 income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit 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 to 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 items are recognised in correlation to the underlying transaction either in profit or loss, other comprehensive income or directly in equity.

Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT, except:

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

- ❖ Receivables and payables are stated with the amount of VAT included

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

3.10 Borrowing costs

Specific 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 are capitalized from the date the actual costs on the qualifying assets are incurred. Where such borrowed amount, or part thereof, is invested, the income earned is netted off the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they occur.

Where the entity does not specifically borrow funds to construct a qualifying asset, general borrowing costs are capitalized by applying the weighted average cost of the borrowing cost proportionate to the expenditure on the asset.

3.11 Lease

- **Leases**
  Policy subsequent to 1 January 2019

The group and the Company 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.

The group and the Company as a lessee
The group and the Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The group and the Company 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
The group and the Company 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:

Assets	**Lease period**
Land	20 years
Office buildings	2-3 years
Warehouse	2-3 years
Motor Vehicles	2-4 years

If ownership of the leased asset transfers to the Group and the Company 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.
ii) Lease liabilities
At the commencement date of the lease, the Group and the Company 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 the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company 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 and the Company uses its incremental borrowing rate at the lease commencement date because 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.

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

The group and the Company applies the short-term lease recognition exemption to its short-term leases of warehouses and guesthouses (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). The group and the Company does not have any leased assets categorised as low-value assets (i.e. of a value of N1.8 million). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

- **Leases**
  Policy prior to 1 January 2019

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss.

3.12 Foreign currency

Monetary assets and liabilities denominated in a foreign currency are translated into Naira at the spot rate of exchange ruling at reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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 measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the 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).

3.13 Segment Reporting

The reportable segments are identified on the basis of Strategic Business Units (SBU) and the threshold of recognition is a contribution of not less than 10% of the revenue, assets, profits or losses of all the operating segments. Where the board and management is of the opinion that a strategic business unit is important to the growth initiative of the Group such SBU may be reported as a reportable segment even though it is not meeting the threshold of a reportable segment.

3.14 Employees' benefits

Defined Contribution Plan
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to Pension Fund Administrators on a statutory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. The Group operates a funded defined contribution retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014. The employer and the employee contributions are 10% and 8% respectively of the qualifying employee's salary.

Defined Benefit Plan
The Group also contributes to a duly registered gratuity scheme operated by Red Star Retirement Benefit Scheme; employees are eligible to join the scheme after 3 years of continuous service to the company.

The benefits payable to employees on retirement or resignation are accrued over the service life of the employee concerned based on their salary and the cost charged to profit or loss.

The liability recognised in the statement of financial position in respect of defined gratuity scheme is the present value of the gratuity obligation at the date of the statement of financial position less the fair value of any plan asset. Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

3.15 Share capital and reserves

Share issue costs
Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

Dividend on ordinary shares
Dividends on the Group's ordinary shares are recognized in equity in the period in which they are paid or, if earlier, approved by the Group's shareholders. 47

3.16 Basis of Consolidation
The consolidated and separate financial statements comprise the financial statements of the Red Star Express Plc and its subsidiaries as at 31 March 2020.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends (if any) are eliminated in full.

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

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 both assets and liabilities of the subsidiary and the related non-controlling interest. Investments in the subsidiaries are measured at cost value. The Group determines control over the subsidiaries as it holds 100% of their entire shareholdings.

Investments in subsidiaries are recognised and measured at cost in the separate financial statements of the Group.

3.17 Fair value measurement

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 principal or the most advantageous market must be accessible to the Group.

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.

Fair value

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. 48

All assets and liabilities for which fair value is disclosed in the financial statements are categorized 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 on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each year.

Quantitative disclosures fair value measurement hierarchy for assets for which fair value is disclosed.

		Fair value measurement using	
Group and Company in thousands of Nigerian Naira	Quoted prices in active markets Level 1	Significant observable inputs inputs Level 2	Significant unobservable inputs Level 3
Financial Assets:			
Equity Instruments at FVOCI			
31 March 2020	395	-	-
31 March 2019	535	-	-

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Group and Company in thousands of Nigerian Naira	2020 Carrying amount	 Fair value	2019 Carrying	 Fair value amount
Financial Assets:				
Equity Instruments at FVOCI	395	395	535	535

For the other Financial assets i.e Cash & cash equivalents and Trade & other receivables, the carrying amount ap- proximates the fair value due to its short term nature.

3.18 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Consolidated and Separate financial statements are disclosed below. The group and the Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

1. Amendments to IAS 1 and IAS 8: Definition of Material
2. Amendments to IFRS 10 and IAS 28: Sale of Contribution of Assets between an Investor and its Associate or Joint Venture Effective date has been deferred indefinitely
3. IFRS 17 Insurance Contracts 1 January 2021
4. Amendments to IFRS 3: Definition of a Business.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the consolidated and separate financial statements of the Group.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures. The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated and separate financial statements.

Annual Improvements 2015-2017 Cycle (issued in December 2017)

These improvements include:

- **IFRS 3 Business Combinations**
  The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

- **IFRS 11 Joint Arrangements**
  A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3.

The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

4. Revenue from contracts with customers

4.1 Disaggregated revenue information

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

Segments	**For the year ended 31 March 2020**			
	Services N'000	**Logistics N'000**	**Freight N'000**	**Total N'000**
Courier services	6,289,699	-	-	6,289,699
Mail management services	1,055,116	-	-	1,055,116
Freight services	-	-	1,274,633	1,274,633
Logistics	-	1,489,186	-	1,489,186
Support services	440,350	-	-	440,350
Total revenue from contracts with customers	7,785,165	1,489,186	1,274,633	10,548,984
Geographical markets				
Within Nigeria	7,553,273	1,489,186	1,274,633	10,317,092
Outside Nigeria	231,892	-	-	231,892
Total revenue from contracts with customers 7,785,165	1,489,186	1,274,633	10,548,984	
Timing of revenue recognition				
Goods transferred at a point in time	-	-	-	-
Services transferred over time	7,785,165	1,489,186	1,274,633	10,548,984
Total revenue from contracts with customers	7,785,165	1,489,186	1,274,633	10,548,984

Segments	For the year ended 31 March 2019			
	Services N'000	Logistics N'000	Freight N'000	Total N'000
Courier services	5,849,869	-	-	5,849,869
Mail management services	1,370,090	-	-	1,370,090
Freight services	-	-	872,121	872,121
Logistics	-	1,623,645	-	1,623,645
Ware housing	-	64,552	-	64,552
Support services	286,299	-	-	286,299
Total revenue from contracts with customers	7,506,258	1,688,197	872,121	10,066,576
Geographical markets				
Within Nigeria	6,626,713	1,688,197	872,121	9,187,031
Outside Nigeria	879,545	-	-	879,545
Total revenue from contracts with customers	7,506,258	1,688,197	872,121	10,066,576
Timing of revenue recognition				
Goods transferred at a point in time	-	-	-	-
Services transferred over time	7,506,258	1,688,197	872,121	10,066,576
Total revenue from contracts with customers	7,506,258	1,688,197	872,121	10,066,576

4.2 Performance obligations

Information about the Group and Company performance obligations are summarised below:

Courier services

Performance obligation relating to the promises in the contracts are assessed as series of distinct goods that would be satisfied over time and payment is generally due within 30 to 90 days from delivery.

Mail management services

Performance obligation relating to the promises in the contracts are assessed as series of distinct goods that would be satisfied over time and payment is generally due within 30 to 90 days from delivery.

Freight services

Performance obligation relating to the promises in the contracts are assessed as series of distinct goods that would be satisfied over time and payment is generally due within 30 to 90 days from delivery.

Logistics
Performance obligation relating to the promises in the contracts are assessed as series of distinct goods that would be satisfied over time and payment is generally due within 30 to 90 days from delivery.

Ware housing
Performance obligation relating to the promises in the contracts are assessed as series of distinct goods that would be satisfied over time and payment is generally due within 30 to 90 days from delivery.

General haulage
Performance obligation relating to the promises in the contracts are assessed as series of distinct goods that would be satisfied over time and payment is generally due within 30 to 90 days from delivery.

		The Group		The Company	
		2020	**2019**	**2020**	**2019**
		N '000	**N '000**	**N '000**	**N '000**
4.3	**Revenue from contract with customers**				
	Analysis by services				
	Courier (note 4.3i)	6,289,699	5,849,869	6,289,699	5,849,869
	Logistics (note 4.3iv)	1,489,186	1,688,197	-	-
	Freight (note 4ii)	1,274,633	872,121	-	-
	Support services (note 4iii)	1,495,466	1,656,389	-	-
		10,548,984	10,066,576	6,289,699	5,849,869

4.3i Courier relates to the delivery of documents and parcels both locally and internationally.

4.3ii Freight services is involved in clearing and forwarding of goods (importation and export services).

4.3iii Support services relates to mail room management and other delivery services.

4.3iv Logistics relates to services involving warehousing and chain distribution services.

		The Group		The Company	
		2020	**2019**	**2020**	**2019**
		N '000	**N '000**	**N '000**	**N '000**
5	**Other operating income**				
	Dividend from subsidiaries	-	-	76,061	87,517
	Sundry income (note5i)	114,758	117,469	19,185	45,640
	Profit on disposal of property, plant and equipment	157,406	1,928	233	887
		272,164	119,397	95,479	134,044

5i. Sundry income relates to recovery of bad debt and insurance claims received.

	The Group		The Company	
	2020	2019	2020	2019
	N '000	N '000	N '000	N '000
6 Administrative expenses				
Amortisation of intangible assets	43,110	25,495	42,643	25,495
Annual general meeting	6,835	7,951	3,722	2,917
Audit fee	16,500	15,300	12,000	12,000
Bank charges	29,003	26,958	21,334	17,888
Communication and telephone	76,876	74,175	63,866	48,646
Credit loss expense of financial assets (note 6i)	153,670	149,331	115,804	87,571
Depreciation	94,006	140,747	46,354	40,484
Employee benefits	432,037	447,874	392,691	403,271
Exchange loss	19,201	2,165	19,201	2,165
Insurance	73,388	67,635	30,999	26,600
Hotel accommodation and entertainment	69,277	60,881	59,501	52,070
Legal and professional charges	48,898	49,016	31,742	28,383
Medical	89,844	101,042	27,113	26,599
Newspaper and periodicals	2,049	1,801	1,602	1,461
Power and water	147,132	130,591	122,329	99,659
Printing and stationery	140,511	99,574	107,024	83,681
Publicity and promotion	42,607	37,817	33,730	11,370
Repairs and maintenance	436,026	413,118	154,545	146,837
Security expenses	57,622	53,402	44,265	40,146
Subscriptions and donations	65,215	75,021	54,317	60,435
Training	47,443	58,479	41,869	54,067
Transportation and travelling costs	66,289	90,560	55,833	79,944
Write off of Property, plant and Equipment	6,936	2,398	6,936	2,398
	2,164,475	**2,131,331**	**1,489,420**	**1,354,087**

6 i Credit loss expense

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

2020	**Group Stage 1 Collective N'000**	**Simplified Model N'000**	**Total N'000**	**Company Stage 1 Collective N'000**	**Simplified Model N'000**	**Total N'000**
Trade receivables	-	143,817	143,817	-	105,859	105,859
Intercompany receivables	-	-	-	297	-	297
Short term deposits	9,853	-	9,853	9,648	-	9,648
	9,853	143,817	153,670	9,945	105,859	115,804

6 i Credit loss expense

2019	**Group Stage 1 Collective N'000**	**Simplified Model N'000**	**Total N'000**	**Company Stage 1 Collective N'000**	**Simplified Model N'000**	**Total N'000**
Trade receivables	-	149,583	149,583	-	87,604	87,604
Intercompany receivables	-	-	-	251	-	251
Short term deposits	(252)	-	(252)	(284)	-	(284)
	(252)	149,583	149,331	(33)	87,604	87,571

		The Group		The Company	
		2020	2019	2020	2019
		N '000	N '000	N '000	N '000
7.1	**Finance income**				
	Interest received from fixed deposit	17,785	12,794	13,122	10,131
		======	=====	======	=====
7.2	**Finance cost**				
	Interest on lease	52,242	33,906	7,383	-
	Interest on short term loan	8,254	-	-	-
		----------	----------	----------	-------
		60,496	33,906	7,383	-
		======	=====	======	=====
8	**Profit before taxation was obtained after deducting:**				
	Depreciation - Admin	94,006	140,747	46,354	40,484
	Depreciation Cost of sales	219,344	193,460	108,155	94,463
	Depreciation - right of use asset	128,913	-	11,646	-
	Amortization of intangible assets	43,110	25,495	42,643	25,495
	Audit fee	16,500	15,300	12,000	12,000
	Profit on disposal of property, plant and equipment	(157,406)	(1,928)	(233)	(887)
	Directors emoluments	45,971	44,801	45,971	41,924
	Exchange loss	19,201	2,165	19,201	2,165
	Dividend received	-	-	(76,061)	(87,517)
		======	=====	======	=====

		The Group		The Company	
		2020	2019	2020	2019
		N '000	N '000	N '000	N '000
9	**Taxation**				
9.1	**Statement of Profit or loss**				
	Income taxation	230,234	240,569	165,380	189,198
	Education tax	24,809	22,966	14,851	15,499
	Back duty charge	38,807	24,753	38,807	23,531
	Nigerian Police trust fund levy	16	-	16	-
	Capital gain tax	15,717	-	-	-
		-----------	------------	------------	-----------
		309,583	288,288	219,054	228,228
	Deferred tax (credit)/expense	(28,492)	(11,067)	6,435	15,598
		-----------	------------	------------	-----------
		281,091	277,221	225,489	243,826
		======	=====	======	=====
9.2	**Statement of Financial Position**				
	At 1 April	290,759	250,229	222,894	166,563
	Current year tax provision	309,583	288,288	219,054	228,228
	Payment during the year	(37,029)	(83,774)	(18,094)	(13,551)
	Withholding tax credit utilized	(231,172)	(163,984)	(189,918)	(158,346)
		-----------	------------	------------	-----------
	At 31 March	**332,141**	**290,759**	**233,936**	**222,894**
		======	=====	======	=====

9.3 Reconciliation of income tax expense

	The Group		The Company	
	2020	2019	2020	2019
	N '000	N '000	N '000	N '000
Profit before tax	750,080	743,469	490,671	658,599
Nigeria's statutory income tax rate of 30%	225,024	223,041	147,201	197,580
Disallowable expenses	222,643	25,380	103,939	21,345
Impact of non-taxable income	(75,524)	(843)	(28,372)	(366)
Education tax	24,809	22,966	14,851	15,499
Back duty CIT charge	38,807	24,753	38,807	23,531
Deferred tax (credit)/ expense	(28,492)	(18,076)	6,435	(13,763)
Capital gain tax	15,717	-	-	-
Capital allowance	(141,979)	-	(57,458)	-
Balancing charge	70	-	70	-
Nigerian Police trust fund levy	16	-	16	-
Income tax expense	281,091	277,221	225,489	243,826
Effective tax rate	37%	37%	46%	37%

10. Earnings per share

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

The following reflects the income and share data used in the basic earnings per share computations.

	The Group		The Company	
	2020	2019**	2020	2019**
	N '000	N '000	N '000	N '000
Profit attributable to ordinary equity holders	468,989	466,248	265,182	414,773
Weighted average number of ordinary shares for basic earnings per share	672,288	589,497	672,288	589,497
Basic earnings per share	N0.70	N0.76	N0.39	N0.68

**	Group	Company
	2019	2019
Earnings per share-2019 before right issues	N.0.79	N.0.70
Multiply by adjustment factor	0.96	0.96
Restated earnings per share - 2019 After right issues	N.0.76	N.0.68

The Group - 31 March 2020

11. Property, plant and equipment

	Land	Building	Plant & Machinery	Motor Vehicles	Motor Cycle	Computer & Other IT Equipment	Furniture & Fittings	Capital-work-in-progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
COSTS									
At 1 April 2018	206,941	501,932	78,166	1,098,622	412,045	337,429	90,972	25,204	2,751,311
Additions	93,968	26,517	8,205	201,470	77,796	44,109	13,323	855	466,243
Disposals	-	-	-	(34,797)	(1,693)	(439)	(58)	-	(36,987)
Transfer	-	-	-	-	-	-	-	(198)	(198)
Write off	-	-	-	-	-	-	-	(2,398)	(2,398)
At 31 March 2019	300,909	528,449	86,371	1,265,295	488,148	381,099	104,237	23,463	3,177,971
Additions	346,955	3,238	2,079	353,664	92,446	50,207	21,332	23,370	893,291
Disposals	(169,411)	(72,015)	(3,235)	-	(2,194)	-	-	-	(246,855)
Transfer	(22,932)	22,932	-	-	-	-	-	-	-
Transfer to right-of-use assets	(9,301)	-	-	(457,344)	-	-	-	-	(466,645)
Write off	(6,936)	-	-	-	-	-	-	-	(6,936)
At 31 March 2020	439,284	482,604	85,215	1,161,615	578,400	431,306	125,569	46,833	3,350,826
DEPRECIATION									
At 1 April 2018	-	112,212	57,634	615,499	397,591	246,947	61,916	-	1,491,799
Charge for the year	-	15,001	9,166	206,957	51,206	40,974	10903	-	334,207
Disposal	-	-	-	(34,797)	(1,693)	(439)	(58)	-	(36,987)
At 31 March 2019	-	127,213	66,800	787,659	447,104	287,482	72,761	-	1,789,019

The Group - 31 March 2020

11. Property, plant and equipment

	Land	Building	Plant & Machinery	Motor Vehicles	Motor Cycle	Computer & Other IT Equipment	Furniture & Fittings	Capital-work-in-progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Transfer to right-of-use assets	-	-	-	(102,857)	-	-	-	-	(102,857)
Charge for the year	14,856	10,577	169,190	60,450	45,989	12,288	-	313,350	
Disposals	-	(6,583)	(3,235)	-	(2,194)	-	-	-	(12,012)
At 31 March 2020	135,486	74,142	853,992	505,360	333,471	85,049	-	1,987,500	
NET BOOK VALUE									
At 31 March 2020	**439,284**	**347,118**	**11,073**	**307,623**	**73,040**	**97,835**	**40,520**	**46,833**	**1,363,326**
At 31 March 2019	**300,909**	**401,236**	**19,571**	**477,636**	**41,044**	**93,617**	**31,476**	**23,463**	**1,388,952**

There are no other contractual commitments in the acquisition of Property, plant and Equipment and no limitations in its realisability.

There was no interest capitalised as part of Property, plant and equipment (PPE) during the year.

No Property, plant and equipment was pledged as securities for liabilities during the year

The Company - 31 March 2020

11. Property, plant and equipment

	Land	Building	Plant & Machinery	Motor Vehicles	Motor Cycle	Computer & Other IT Equipment	Furniture & Fittings	Capital-work-in-progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
COSTS									
At 1 April 2018	129,545	322,896	69,792	311,670	92,284	322,433	51,928	17,804	1,318,351
Additions	93,968	20,133	8,205	21,481	15,144	42,015	12,796	-	213,742
Disposal	-	(10845)	(1565)	(439)	(58)	(12,907)			
Write off	-	-	-	-	-	-	(2,398)	(2,398)	
	----------	----------	----------	----------	----------	----------	----------	----------	----------
At 31 March 2019	223,513	343,029	77,997	322,306	105,863	364,009	64,665	15,406	1,516,788
Additions	5,000	3,238	2,079	82,168	15,822	47,199	15,008	1,927	172,441
Disposal	-	-	(3,235)	-	(2,194)	-	-	(5,429)	
Transfer	(22,932)	22,932	-	-	-	-	-	-	
Transfer to right-of-use assets	(9,301)	-	-	-	-	-	-	-	(9,301)
Write off	(6,936)	-	-	-	-	-	-	(6,936)	
	----------	----------	----------	----------	----------	----------	----------	----------	----------
At 31 March 2020	189,344	369,199	76,841	404,474	119,491	411,208	79,673	17,333	1,667,563
	======	=====	=====	=====	=====	=====	=====	=====	======

The Company - 31 March 2020

11. Property, plant and equipment

	Land	Building	Plant & Machinery	Motor Vehicles	Motor Cycle	Computer & Other IT Equipment	Furniture & Fittings	Capital-work-in-progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
DEPRECIATION									
At 1 April 2018	-	89,108	50,190	208,444	78,521	241,351	35,278	-	702,892
Charge for the year	-	10,218	8,783	57,984	12,621	38,374	6,967	-	134,947
Disposal	-	-	-	(10,845)	(1,565)	(439)	(58)	-	(12,907)
At 31 March 2019	-	99,326	58,973	255,583	89,577	279,286	42,187	-	824,932
Charge for the year	-	10,376	10,194	69,657	13,822	41,639	8,821	-	154,509
Disposal	-	-	(3,235)	-	(2,194)	-	-	-	(5,429)
At 31 March 2020	-	109,702	65,932	325,240	101,205	320,925	51,008	-	974,012
Net Book Value									
At 31 March 2020	189,344	259,497	10,909	79,234	18,286	90,283	28,665	17,333	693,551
At 31 March 2019	223,513	243,703	19,024	66,723	16,286	84,723	22,478	15,406	691,856

There are no other contractual commitments in the acquisition of Property, plant and Equipment and no limitations in its realisability.
There was no interest capitalised as part of Property, plant and equipment (PPE) during the year.
No Property, plant and equipment was pledged as securities for liabilities during the year

12 Intangible assets

	GROUP	COMPANY
Cost:	**N'000**	**N'000**
At 1 April 2018 93,	805	93,305
Additions	40,335	40,335
At 1 April 2019	134,140	133,640
Additions	56,892	54,492
At 31 March 2020	191,032	188,132
Amortization:		
At 1 April 2018	61,137	60,637
Charge for the year	25,495	25,495
At 1 April 2019	86,632	86,132
Charge for the year	43,110	42,643
At 31 March 2020	129,742	128,775
Net Book Value:		
At 31 March 2020	61,290	59,357
At 31 March 2019	47,508	47,508

The Group's intangible asset represents N191,032,000 investments on computer software and software licenses. This is being amortised to profit or loss over a period of three years. There is no further contractual commitment to acquire intangible assets as at 31 March 2020.

13 Prepayment

	The Group	The Company		
	2020	**2019**	**2020**	**2019**
	N'000	**N'000**	**N'000**	**N'000**
Current portion	114,751	93,422	108,628	84,363
Non-current portion	127,011	90,149	12,877	17,861
At 31 March	241,762	183,571	121,505	102,224
At 1 April	183,571	167,660	102,224	106,877
IFRS 16 transition	(9,500)	-	-	-
Addition	194,208	120,417	152,539	108,979
Utilised in the year	(126,517)	(104,506)	(133,258)	(115,070)
At 31 March	241,762	183,571	121,505	102,224

Prepayments are mainly attributable to short term leases, insurance and other prepaid charges during the year.

	The Group		The Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
14.1 Equity instrument at fair value through OCI				
At 1 April	535	477	535	477
Fair value (loss)/gain	(140)	58	(140)	58
At 31 March	395	535	395	535

14.2 Investment in Subsidiaries

	The Group		The Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Investment in subsidiaries measured at costs:				
Investment in Red Star Freight Limited	-	-	100,000	100,000
Investment in Red Star Support Services Limited	-	-	49,065	49,065
Investment in Red Star Logistics Limited	-	-	225,000	225,000
	-	-	374,065	374,065

The Consolidated financial statement include:

			% equity interest	
Name	**Principal Activities**	**Country of Incorporation**	**2020**	**2019**
Red Star Freight Limited	Freight and custom clearance	Nigeria	100%	100%
Red Star Supports Services Limited	Mail management and despatch services	Nigeria	100%	100%
Red Star Logistics Limited	Haulage and warehousing services	Nigeria	100%	100%

	The Group		The Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
15.1 Deferred taxation				
At 1 April	172,274	181,313	50,380	29,693
Tax for the year	(28,492)	(11,067)	6,435	15,598
Tax income or (expenses) during the period recognized in OCI	38,140	16,456	38,140	16,456
Transition effect of adopting IFRS 9	-	(14,427)	-	(11,367)
At 31 March	181,922	172,274	94,955	50,380
15.2 Deferred tax relates to the following:				
Accelerated depreciation for tax purposes	278,847	217,009	79,137	76,470
Provision for defined benefit plan	14,177	(13,901)	23,800	(13,310)
Impairment of financial assets	(65,248)	(46,640)	(45,960)	(28,587)
Lease liabilities	(17,962)	(17,962)	-	
Exchange difference	(6,144)	(650)	(6,144)	(650)
Land	(74,982)	-	-	-
Right of use assets	23,944	-	23,944	-
Effect of actuarial assumptions Recorded in OCI	38,140	16,456	38,140	16,456
Capital work in progress	(8,850)	-	-	-
At 31 March	**181,922**	**172,274**	**94,955**	**50,380**
16 Inventories				
Stationeries and packaging materials	31,791	30,914	25,163	26,883
Fuel & Oil	10,832	10,362	10,832	10,362
Spares	9,028	9,625	8,870	9,593
	51,651	**50,901**	**44,865**	**46,838**

During 2020, N729,594,039 and N237,855,718 (2019: N520,847,915 and N148,165,653) were recognised as expenses for inventories carried at net realisable value for the Group and the Company respectively. This is recognised in cost of sales. There was no inventory write-down during the year.

17 Trade and other receivables

	The Group		The Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Trade receivables	2,453,676	2,562,768	1,388,011	1,520,780
Related parties (note 25)	-	-	960,422	910,628
Other receivables (note 17.1)	1,102,138	995,019	407,942	420,440
	3,555,814	3,557,787	2,756,375	2,851,848
Allowance for expected credit losses:				
Trade receivable	(171,230)	(203,557)	(123,482)	(122,979)
Related parties	-	-	(8,988)	(8,692)
	3,384,584	3,354,230	2,623,905	2,720,177

Trade receivables are non-interest bearing and are generally on terms of 30 to over 360 days. The reconciliation of gross carrying value and impairment allowance are provided in much detail under credit risk note 31(a)

Allowance for expected credit losses
An analysis of changes in the aggregate ECL allowances. Trade receivables is as follows:

	Group		Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
As at 1 April	203,557	177,021	122,979	101,437
Provision for expected credit losses	143,817	195,843	105,859	115,265
Write off	(176,144)	(123,047)	(105,356)	(66,062)
Unused amount reversed	-	(46,260)	-	(27,661)
As at 31 March	**171,230**	**203,557**	**123,482**	**122,979**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.
Grading system for trade receivables and receivables from related companies, and recognition of their Gross Carrying Amount and Expected Credit Losses are included under Credit Risk Note 31

	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
17.1 Other receivables				
Withholding tax	847,283	715,776	254,426	262,810
Staff advance	70,069	76,476	54,900	62,843
Interest receivable	989	989	989	989
Other staff and operational advances*	183,797	201,778	97,627	93,798
	1,102,138	995,019	407,942	420,440

Advances are amounts provided to staff that are required to be retired.
*These are advances to staff in the ordinary course of business operation, which are yet to be retired as at the end of the year.

	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
18 Cash and bank balances				
Cash balances	947	881	687	801
Cash -in- transit	36,380	41,847	34,248	40,401
Bank balances	285,523	308,788	181,467	223,703
Short term deposit	1,502,327	170,818	1,427,117	130,892
	1,825,177	522,334	1,643,519	395,797

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one month and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. The Cash-in-transit are cash sales at the end of the financial year by the up country locations that have been deposited at various banks for which the supporting document have not been received at the Head Office for appropriate recording.

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year.

	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
19 Share capital				
Authorized 1,000,000,000 Ordinary shares of 50 kobo each	500,000	500,000	500,000	500,000
Issued and fully paid:				
At 1 April	294,748	294,748	294,748	294,748
Right issue of 336,855,291 ordinary shares of 50 kobo each	168,428	-	168,428	-
At 31 March	463,176	294,748	463,176	294,748

At the Board of Directors' meeting held on 21 January 2020, the Board passed a resolution to raise additional capital through right issue through creation of additional 336,855,291 ordinary shares of 50 kobo each issued at N4 per share. The share premium increase from N296.4 million to N1.43billion for the year ended 31 March 2020

	The Group		The Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
20 Share premium				
At 1 April	296,433	296,433	296,433	296,433
Right issue of 336,855,291 ordinary shares of 4 Naira per share	1,178,994	-	1,178,994	-
Transaction cost on right issue	(38,426)	-	(38,426)	-
At 31 March	1,437,001	296,433	1,437,001	296,433

21 Lease Obligation

i) Movement in total Lease Liability/obligation during the year are as follows:

	The Group		The Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
At 1 April	-	147,412	-	-
IFRS 16 transition	170,516	-	46,199	-
Addition	202,548	48,300	2,549	-
Accretion of interest	52,242	33,906	7,383	-
Payments	(131,081)	(71,395)	-	-
Interest paid	(44,859)	(33,906)	-	-
At 31 March	249,366	124,317	56,131	-

	The Group		The Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Long-term	126,891	33,925	40,536	-
Short-term	122,475	90,392	15,595	-
Total	**249,366**	**124,317**	**56,131**	**-**

21 Group/Company as a Lessee

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

The Group

Costs:	**Land N'000**	**Office Building N'000**	**Warehouse N'000**	**Motor vehicles N'000**	**Total N'000**
At 1 April 2019	46,199	-	9,500	-	55,699
Transfer from property, plant and equipment	9,301	-	-	457,344	466,645
Additions	-	34,970	-	-	34,970
At 31 March 2020	55,500	34,970	9,500	457,344	557,314
Accumulated depreciation:					
Transfer from property, plant and equipment	-	-	-	102,857	102,857
Depreciation charge for the year	3,684	9,462	6,167	109,600	128,913
At 31 March 2020	3,684	9,462	6,167	212,457	231,770
Net book value:					
At 31 March 2020	51,816	25,508	3,333	244,887	325,544

The Company

Costs:	**Land N'000**	**Office Building N'000**	**Total N'000**
At 1 April 2019	46,199	-	46,199
Transfer from property, plant and equipment	9,301	-	9,301
Additions	-	30,970	30,970
At 31 March 2020	55,500	30,970	86,470
Accumulated depreciation:			
Depreciation charge for the year	3,684	7,962	11,646
At 31 March 2020	3,684	7,962	11,646
Net book value:			
At 31 March 2020	51,816	23,008	74,824

21 Group/Company as a Lessee

The following are the amounts recognised in profit or loss:

	The Group 2020 N'000	The Company 2020 N'000
Depreciation expense of right-of-use assets	128,913	11,646
Interest expense on lease liabilities	52,242	7,383
Total amount recognised in profit or loss	181,155	19,029

22 Loans and Borrowings

The Group entered into a term loan agreement with Financial Derivative Company Limited who granted a loan of N 100,000,000 on August 26 2019 to finance Azman Airline cargoes sales. The duration of the loan is for 12 months with an interest rate of 17.5%. The loan is secured by the lodgment of post dated cheques and the residual value of the following vehicles under the following lease agreements:

i) Lease agreement dated on October 7 2016
ii) Lease agreement dated on August 3 2017

The movement in total borrowings during the period is as follows:

	The Group 2020 N'000	The Company 2020 N'000
At 1 April	-	-
Addition	100,000	-
Interest accrued	8,254	
Payments	(55,755)	-
Repayment of interest during the year	(8,254)	
At 31 March 2020	**44,245**	**-**

23.1 Post-employment Benefits

The group operates a non-contributory gratuity scheme for both the Company and its subsidiaries (Group). The entitlement of the employees are based on applicable emoluments and qualifying years of service at the time of leaving the Company. The contributions are remitted on monthly basis over the employees' period of service.

The asset of the plan are held in a separate fund administered by the Trustee to meet the long term gratuity liabilities of retired employees. The Trustee is required to act in the best interest of the beneficiary. The Trustee which is appointed by the Board is responsible for preparing accounting records of the scheme, safeguarding assets and taking reasonable steps to prevent and detect fraud and any other irregularities. The trustee actively monitors how the duration and the expected yield of the plan assets match the expected cash flows from the gratuity obligations. The trust deed specify that assets of the fund are not available for the Group for other uses and must be used only to fund defined pension obligation.

In line with its terms of agreement, the Actuarial valuation was performed by Messrs. KDA Associates (Actuaries, Statisticians, Employee Benefits and Investment Analyst) with FRC Registration Number FRC/2013/00000000001556 for both the current year and the comparative year.

The major categories of plan assets of the fair value of the total plan assets are, as follows:

Investment Type	**2020**	**2019**	**Nature**
			Buildings
Investment Property	98,008,555	100,236,022	(Unquoted)
Investment in Shares	2,993,182	3,260,937	Quoted
FGN Bond	547,354,297	406,583,565	Quoted
Treasury bills	55,118,848	52,641,665	Quoted
Cash and Bank	26,158,253	88,403,814	Unquoted
Others*	115,348,504	74,165,440	Unquoted
Total	**844,981,639**	**725,291,443**	

*Others represent Amount receivable from related companies as well as accrued income from FGN bonds.

The following tables summarise the components of net benefit expense recognised in profit or loss and the funded status and amounts recognised in the statement of financial position for the respective plans:

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	N'000	**N'000**	**N'000**	**N'000**
Present value of Defined benefit obligation	(770,993)	(771,628)	(770,607)	(769,657)
Fair value of plan assets	844,981	725,292	844,981	725,292
Net employee defined benefit	73,988	(46,336)	74,374	(44,365)

The principal assumptions used in determining employees' benefit obligations forthe Group'splans are shown below:

23.2 2020 changes defined benefit obligation

Group

	Pension obligation charged to profit or loss					Re-measurement (gains)/losses in other comprehensive income					
	1-Apr-19 N'000	Service cost N'000	Net interest expense N'000	Sub-total included in profit of loss N'000	Benefits paid N'000	Actuarial changes arising from changes indemographic assumptions N'000	Actuarial changes arising from changes in financial assumptions N'000	Experience adjustments N'000	Sub-total included in OCI N'000	Contribution by employer N'000	31 March 2020 N'000
Defined benefit Obligation	(771,628)	(90,827)	(120,467)	(209,709)	27,998	-	183,931	-	183,931		(770,993)
Fair value of plan assets	725,292	-	109,848	109,848	(26,413)	-	-	(56,796)	(56,796)	93,050	844,981
Benefit liability	(46,336)	(90,827)	(10,619)	(99,861)	1,585	-	183,931	(56,796)	127,135	93,050	73,988

Company

2020 changes defined benefit obligation

	Pension obligation charged to profit or loss					Re-measurement (gains)/losses in other comprehensive income					
	1-Apr-19 N'000	Service cost N'000	Net interest expense N'000	Sub-total included in profit of loss N'000	Benefits paid N'000	Actuarial changes arising from changes indemographic assumptions N'000	Actuarial changes arising from changes in financial assumptions N'000	Experience adjustments N'000	Sub-total included in OCI N'000	Contribution by employer N'000	31 March 2020 N'000
Defined benefit Obligation	(769,657)	(90,827)	(120,467)	(211,294)	26,413	-	183,931	-	183,931		(770,607)
Fair value of plan assets	725,292	-	109,848	109,848	(26,413)	-	-	(56,796)	(56,796)	93,050	844,981
Benefit liability	(44,365)	(90,827)	(10,619)	(101,446)	-	-	183,931	(56,796)	127,135	93,050	74,374

Group

2019 changes defined benefit obligation

	Pension obligation charged to profit or loss					Re-measurement (gains)/losses in other comprehensive income					
	1-Apr-18 N'000	Service cost N'000	Net interest expense N'000	Sub-total included in profit of loss N'000	Benefits paid N'000	Actuarial changes arising from changes indemographic assumptions N'000	Actuarial changes arising from changes in financial assumptions N'000	Experience adjustments N'000	Sub-total included in OCI N'000	Contribution by employer N'000	31 March 2019 N'000
Defined benefit Obligation	(749,145)	(82,986)	(112,072))	(195,058)	44,153	-	128,421		-	128,421	(771,628)
Fair value of plan assets	670,672	-	101,541	101,541	(44,153)	-	-	(73,569)	(73,569)	70.801	725,292
Benefit liability	(78,473)	(82,986)	(10,531)	(93,517)	-	-	128,421	(73,569)	54,852	70.801	(46,336)

Company

2019 changes defined benefit obligation

	Pension obligation charged to profit or loss					Re-measurement (gains)/losses in other comprehensive income					
	1-Apr-18 N'000	Service cost N'000	Net interest expense N'000	Sub-total included in profit of loss N'000	Benefits paid N'000	Actuarial changes arising from changes indemographic assumptions N'000	Actuarial changes arising from changes in financial assumptions N'000	Experience adjustments N'000	Sub-total included in OCI N'000	Contribution by employer N'000	31 March 2019 N'000
Defined benefit Obligation	(749,145)	(81,015)	(112,072))	(193,087)	44,153	-	128,421		-	128,421	(769,657)
Fair value of plan assets	670,672	-	101,541	101,541	(44,153)	-	-	(73,569)	(73,569)	70.801	725,292
Benefit liability	(78,473)	(81,015)	(10,531)	(91,546)	-	-	128,421	(73,569)	54,852	70.801	(44,365)

The principal assumptions used in determining post-employment benefit obligations for the Group's plans are shown below:

	2020	2019
	%	%
Discount rate	13	14
Future salary increases	5	5
Mortality rate	9	8

A one percentage point change in the assumed rate of increase in healthcare costs would have the following effects:

	Future salary increases		Discount rate		Mortality rate	
Sensitivity level	1% Increase N'000	1% Decrease N'000	1% Increase N'000	1% Decrease N'000	1 year improvement N'000	1 year deterioration N'000
2020						
Impact on defined benefit obligation	45,108	(52,516)	43,269	(51,002)	(12,907)	12,451
2019						
Impact on defined benefit obligation	(18,556)	17,226	14,251	(15,839)	(827)	930

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years:

	2020	2019
	N'000	N'000
Within the next 12 months (next annual reporting period)	61,629	141,833
Between 2 and 5 years	346,518	425,910
Between 5 and 10 years	1,007,688	993,789
Beyond 10 years	1,661,227	1,135,758
Total expected payments	**3,077,062**	**2,697,290**

The average duration of the defined benefit n obligation at the end of the reporting period is 18.06 years (2019: 18years).

	The Group		The Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
24. Trade and other payables				
Trade Creditors	858,478	708,924	858,242	699,710
Other Creditors and accruals (Note 24.1)	1,285,286	1,442,498	937,862	1,169,779
Related parties(Note 25)	-	-	55,045	127,232
	2,143,764	2,151,422	1,851,149	1,996,721

	The Group		The Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
24.1 Other creditors and accruals				
Accruals	355,886	359,553	243,659	268,857
Agent clearing charges	343,868	475,939	340,986	475,924
Witholding tax	86,948	98,313	71,808	83,579
Value Added Tax	253,908	293,682	127,354	189,090
Staff pension (note 24.2)	56,520	36,595	5,433	4,772
Unclaimed dividend (Note 27)	130,794	97,063	130,794	97,063
Sundry payables	57,362	81,353	17,828	50,494
	1,285,286	1,442,498	937,862	1,169,779

The accruals relate to provision for bonus ,expenses and commission.
Sundry payables relates to statutory payables and salary payables

	The Group 2020 N'000	The Group 2019 N'000	The Company 2020 N'000	The Company 2019 N'000
24.2 Staff pension				
At 1 April	36,595	18,607	4,772	4,727
Provision for the year	183,901	100,533	74,553	82,636
	220,496	119,140	79,325	87,363
Payment during the year	(163,976)	(82,545)	(73,892)	(82,591)
At 31 March	56,520	36,595	5,433	4,772

*The Group's defined contribution pension plans is part of salary plan for the employees of Red Star Express Plc and its subsidiaries, in line with the provisions of the Pension Act 2004, which requires contributions to be made to an administrator.

25. Related party disclosure

The group holds 100% equity interest in Red Star Freight Limited, Red Star Support Services Limited and Red Star Logistics Limited. The transactions with the related party are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees received for any related party receivables. For the year ended 31 March 2020, the company has recorded impairment of receivables relating to amounts owed by related parties. See note 6i.

This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operate. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Company	Nature of Transaction	Transaction value	Balance receivable/ (Payable)	Transaction value	Balance receivable/ (payable)
		2020	**2020**	**2019**	**2019**
Related Companies:		**N'000**	**N'000**	**N'000**	**N'000**
Red Star Freight Ltd	Freight and custom clearance.	1,330,309	361,170	196,337	241,690
Red Star Logistics Ltd	Haulage and warehousing services	1,027,381	599,252	183,692	668,938
			960,422		910,628
Red Star Support Services Ltd	Mail management and despatch services	1,289,760	(55,045)	133,147	(127,232)

26. Reconciliation of net profit to cash from operating activities

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	N'000	**N'000**	**N'000**	**N'000**
Profit before taxation	750,080	743,469	490,671	658,599
Adjustment to reconcile net income to net cash provided by operating activities:				
Depreciation of property, plant& equipment	313,350	334,207	154,509	134,947
Depreciation of ROU assets	128,913	-	11,646	-
Amortisation of intangible assets	43,110	25,495	42,643	25,495
Long term prepayment utilized (Note 13)	126,517	104,506	133,258	113,632
Profit on disposal of fixed assets (Note 5)	(157,406)	(1,928)	(233)	(887)
Write off of property, plant and equipment	6,936	2,398	6,936	2,398
Finance cost (Note 7.2)	60,496	33,906	7,383	-
Finance income (Note 7.1)	(17,785)	(12,794)	(13,122)	(10,131)
Expected Credit losses on financial assets	153,670	149,331	115,804	87,571
Exchange loss	19,201	2,165	19,201	2,165
Dividend income	-	-	(76,061)	(87,517)
Service cost	90,827	82,986	90,827	81,015
Net interest expense (Note 23)	10,619	10,531	10,619	10,531
Changes in assets and liabilities:				
(Increase)/decrease in inventories	(750)	2,055	1,973	2,378
Increase in trade and other receivables	(415,196)	(751,134)	(209,450)	(675,324)
Increase/(decrease) in trade and other payables	60,398	342,439	(77,516)	278,114
Decrease in employee benefits	(221,770)	(125,654)	(220,185)	(123,683)
	951,210	941,978	488,903	499,304
Tax Paid	(37,029)	(83,774)	(18,094)	(13,551)
Cash flow from long term Prepayment (Note 13)	(194,208)	(120,417)	(152,539)	(108,979)
Net cash flow from operating activities	719,973	737,787	318,270	376,774

27. Dividend distributions made and proposed

	2020	**2019**
	N'000	**N'000**
At 1 April	97,063	101,539
Final dividend proposed	253,484	235,796
Withholding tax	(25,348)	(23,575)
Unclaimed dividend returned by the Registrars	36,668	-
	361,867	313,760
Dividend paid during the year	(228,136)	(212,221)
Payment from unclaimed dividend	(2,937)	(4,476)
Total Dividend Payments	(231,073)	(216,697)
At 31 March	130,794	97,063

28. Compensation paid of key management personnel:

Directors	**The Group**		**The Company**	
	2020	**2019**	**2020**	**2019**
	N'000	**N'000**	**N'000**	**N'000**
Remuneration paid to the Directors was:				
Short-term employee benefit				
Director fees	5,375	5,375	5,375	5,375
Directors Sitting Allowance	2,390	5,043	2,390	2,322
Executive compensation	8,616	8,362	8,616	8,206
Other Directors benefits	29,590	21,371	29,590	26,021
	-----------	-----------	-----------	-----------
Short term employee benefits	45,971	44,801	45,971	41,924
Post-employment benefit	-	-	-	-
	-----------	-----------	-----------	-----------
Total compensation	45,971	44,801	45,971	41,924
	=====	=====	=====	=====

Fees and other emoluments disclosed above include amounts paid to:

	2020	**2019**
	N'000	**N'000**
The Chairman	2,875	2,500
	=====	=====
The highest paid Director	16,555	14,936
	=====	=====

The number of Directors who received fees and other emoluments in the following ranges were:

	Number	Number	Number	Number
Below N1,000,000				
N 1,000,000 - N 2,000,000	-	3	-	3
N 2,000,001 - N 3,000,000	3	2	3	2
N 3,000,001 and above	5	3	5	3
	----	----	----	----
Total	8	8	8	8
	==	==	==	==

29. Staff number and higher paid employees

The average number of persons employed by the Group during the year, including Directors, is as follows;

	The Group		The Company	
	2020 Number	2019 Number	2020 Number	2019 Number
Managerial	5	7	3	4
Senior	46	50	26	34
Supervisors	218	223	83	69
Junior	1,607	1,690	174	176
	1,876	1,970	286	274

The number of employees in receipt of emoluments within the following ranges was;

	The Group		The Company	
	2020 Number	2019 Number	2020 Number	2019 Number
N140,001 - N210,000	1,451	1,505	184	163
N210,001 - N360,000	396	407	74	67
N360,001 - N900,000	18	49	20	38
N900,001 - N1,700,000	8	6	5	4
N1,700,001 - N2,011,000	3	3	3	3
	1,876	1,970	286	274

30(a) Segment information

For disclosure purpose in compliance with IFRS 8, no single external customer transaction amount to 10 per cent or more of the entity's revenues.

The Board of Directors 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 financial statements.

However, for management purposes, the Group is organised into Strategic Business Units (SBU) based on their revenue streams and has four reportable segments as follows:

- The Courier Service segment, is involved in express delivery of documents and parcels.
- Freight services is involved in clearing and forwarding of goods (importation and export services).
- Logistics relates to services involving warehousing and chain distribution services.
- Support services relates to mail room management and other delivery services.

Segment statement of Comprehensive income	Courier		Freight		Logistics		Support services		Group elimination adjustments		Group	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Revenue (External customer)	6,289,699	5,849,869	1,274,634	872,121	1,489,187	1,752,746	1,495,464	1,656,389	-	(64,549)	10,548,984	10,066,576
Finance income	13,120	10,131	-	-	4,663	2,663	-	-	-	-	17,785	12,794
Cost of sales	(4,410,826)	(3,981,358)	(1,127,342)	(746,199)	(1,317,505)	(1,475,227)	(1,316,798)	(1,248,793)	308,589	161,516	(7,863,882)	(7,290,061)
Other Income	95,479	134,044	399	5,648	238,075	17,387	14,273	5,056	(76,062)	(42,738)	272,164	119,397
Admin expenses	(1,489,420)	(1,354,087)	(88,956)	(94,370)	(146,458)	(211,885)	(130,125)	(328,329)	(309,516)	-	(2,164,475)	(2,131,331)
Finance Cost	(7,383)	-	(8,254)	-	(36,067)	(17,139)	(8,792)	(16,767)	-	-	(60,496)	(33,906)
Profit before taxation	490,671	658,599	50,481	37,200	231,895	68,545	54,022	67,556	(76,989)	(88,431)	750,080	743,469
Taxation	(225,489)	(243,826)	(10,254)	(14,411)	(15,728)	(10,095)	(29,620)	(8,889)	-	-	(281,091)	(277,221)
Profit after taxation	**265,182**	**414,773**	**40,227**	**22,789**	**216,167**	**58,450**	**24,402**	**58,667**	**(76,989)**	**(88,431)**	**468,989**	**466,248**

*The total of finance income in the group account is net of dividend received by the Parent company (Courier) from its subsidiaries.

Segment statement of Comprehensive income	Courier		Freight		Logistics		Support services		Group elimination adjustments		Group	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Total Non-current assets	1,289,443	1,131,825	31,750	3,479	731,684	528,845	158,990	164,770	(260,313)	(301,775)	1,951,554	1,527,144
Current assets	4,420,917	3,247,175	319,406	498,756	449,752	1,018,972	346,276	356,140	(160,188)	(1,100,156)	5,376,163	4,020,887
Total assets	5,710,360	4,379,000	351,156	502,235	1,181,436	1,547,817	505,266	520,910	(420,501)	(1,401,931)	7,327,717	5,548,031
Ordinary Share capital	463,176	294,748	100,000	100,000	225,000	225,000	49,065	49,065	(374,065)	(374,065)	463,176	294,748
Share premium	1,437,001	296,433	-	-	-	-	1,437,001	296,433	-	-	-	-
Retained earnings	1,574,152	1,473,459	129,491	101,677	480,077	295,677	286,068	293,560	6,454	7,369	2,476,242	2,171,742
Fair value of equity instrument designated at FVOCI	(140)	-	-	-	-	-	-	-	-	-	(140)	
Non-current liabilities	135,491	94,745	41,816	259	242,910	116,025	37,189	37,003	(148,593)	4,503	308,813	252,535
Current liabilities	2,100,680	2,219,615	79,849	433,406	233,449	911,115	132,944	141,282	95,703	(1,039,738)	2,642,625	2,532,573
Total equity and liabilities	5,710,360	4,379,000	351,156	502,235	1,181,436	1,547,817	505,266	520,910	(420,501)	(1,401,931)	7,327,717	5,548,031

30 (b) Geographical Area - Revenues are earned locally in Nigeria and other West Africa countries.

30 (c) Major Customers The Group's major customers are Corporate bodies and organisations in Nigeria, some of them include Nestle Nigeria, Guaranty Trust Bank Plc , IBTC Pension Managers, Chemonics GTE, Air Peace Nigeria and Access Bank Plc etc.

31. Financial risk management

Red Star Express Plc's principal financial assets comprise trade and other receivables, cash and short-term deposits that arise directly from its operations.

The group's principal financial liabilities comprise of lease , trade and other payables and borrowings. The main purpose of these financial liabilities is to finance the Group's operations.

Red Star Express Plc is exposed to credit risk, liquidity risk and market risk. The Group's Board has overall responsibility to oversee the management of these risks. The group's board of director's is supported by a risk management and governance committee that is responsible for developing the Group's Corporate Governance policies and practices and to consider the nature, extent and category of risks facing the Group.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group competitiveness and flexibility.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

31 (a) 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 (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The group does not hold collateral as security. The group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. The Group's maximum exposure to credit risk for the components of the statement of financial position is its carrying amount.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). 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. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 17. The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

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 Finance Director periodically and may be updated throughout the year subject to approval of the Finance Director. 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.

Impairment losses

Nigeria Mapping Table

Global-scale long term local currency rating	National scale long term rating	National scale short term rating	Agusto rating	Implied S&P rating class (Without modifiers)	Implied S&P rating categories (With modifiers)
BB+ and above	ngAAA	ngA-1	AAA	B	B+
BB	ngAA+	ngA-1	AA	B	B
BB-	ngAA, ngAA-	ngA-1	AA	B	B
B+	ngA+, ngA, ngA-	ngA-1, ngA-2	A	B	B
B	ngBBB+, ngBBB,ngBBB-	ngA-2, ngA-3	BBB	B	B-
B-	ngBB+, ngBB	ngB	BB	B	B-
CCC+	ngBB-, ngB+	ngB	B	CCC	CCC+
CCC	ngB, ngB-, ngCCC+	ngC	B	CCC	CCC
CCC-	ngCCC, ngCCC-	ngC	CCC	CCC	CCC-
CC	ngCC	ngC	CC	CC	CC
C	ngC	ngC	C	C	C
R	R	R	D	D	D
SD	SD	SD	D	D	D
D	D	D	D	D	D

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 bond 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.

The table below shows the Company's internal credit rating grades.

Internal rating grade	Internal rating description	12 month PD range	Implied S&P rating
1	High grade	0.00% - 0.58%	Very Good+
2	High grade	0.58% - 1.42%	Very Good
3	High grade	1.42% - 2.43%	Very Good-
4	Standard grade	2.43% - 16.3%	Good+
5	Standard grade	16.3% - 28.05%	Good
7	Sub-standard grade	28.05% - 41.03%	Average+
8	Past due but not impaired	41.03% - 100	Bad
	Non- performing		
9	Individually impaired	100%	Very Bad

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are as shown above.

Trade receivables	**Group**		**Company**	
External grading system	**2020 Simplified Model N'000**	**2019 Simplified Model N'000**	**2020 Simplified Model N'000**	**2019 Simplified Model N'000**
Standard grade	2,453,676	2,562,768	1,388,011	1,520,780
	2,453,676	2,562,768	1,388,011	1,494,234

	Group		**Company**	
	2020 N'000	**2019 N'000**	**2020 N'000**	**2019 N'000**
Gross carrying amount for trade receivables				
Gross carrying amount as at 1-Apr	2,562,768	2,124,522	1,520,780	1,270,902
New assets originated or purchased	2,453,676	2,562,768	1,388,011	1,520,780
Assets derecognised or repaid (excluding write offs)	(2,562,768)	(2,124,522)	(1,520,780)	(1,270,902)
	2,453,676	2,562,768	1,388,011	1,520,780

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	Group		**Company**	
	2020 N'000	**2019 N'000**	**2020 N'000**	**2019 N'000**
As at 1 January	203,557	177,021	122,979	101,437
Provision for expected credit losses	143,817	195,843	105,859	115,265
Write off	(176,144)	(123,047)	(105,356)	(66,062)
Unused amount reversed	-	(46,260)	-	(27,661)
As at 31 December	**171,230**	**203,557**	**123,482**	**122,979**

Intercompany receivables
The significant changes in the balances of Intercompany receivables are disclosed in Note 17 while the information about the credit exposures are disclosed in Note 17.

	Company	
	2020	**2019**
External grading system	**N'000**	**N'000**
Standard grade	960,422	910,628
	-------------	-------------
	960,422	910,628
	======	======

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

	Company	
Gross carrying amount for Intercompany Receivables	**Stage 1 Collective**	**Total**
	N'000	**N'000**
Gross carrying amount as at 1 April 2019	910,628	951,278
New assets originated or purchased	960,422	910,628
Assets derecognised or repaid (excluding write offs)	(910,628)	(951,278)
	-------------	-------------
	960,422	910,628
	======	======

	2020	**2019**
	Stage 1	**Stage 1**
	N'000	**N'000**
ECL allowance as at 1 April	8,692	8,441
New asset purchased	8,988	8,347
Asset derecognised or repaid (excluding write offs)	(8,692)	(8,441)
Unwind of discount	-	345
	-------------	-------------
At 31 March	8,988	8,692
	======	======

Short term deposits	Group		Company	
	2020	**2019**	**2020**	**2019**
	N'000	**N'000**	**N'000**	**N'000**
External grading system				
Standard grade	1,502,327	170,818	1,427,117	130,892
	-----------	-----------	-----------	-----------
	1,502,327	**170,818**	**1,427,117**	**130,892**
	======	======	======	======

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
Gross carrying amount for short term deposits	**Stage 1 Collective**	**Stage 1 Collective**	**Stage 1 Collective**	**Stage 1 Collective**
	N'000	**N'000**	**N'000**	**N'000**
Gross carrying amount as at 1 April 2019	172,397	298,064	132,397	226,539
New assets originated or purchased	1,513,759	172,397	1,438,270	132,397
Assets derecognised or repaid (excluding write offs)	(172,397)	(298,064)	(132,397)	(226,539)
	1,513,759	**172,397**	**1,438,270**	**132,397**

	Group		Company	
	2020	**2019**	**2020**	**2019**
	Stage 1	**Stage 1**	**Stage 1**	**Stage 1**
	N'000	**N'000**	**N'000**	**N'000**
ECL allowance as at 1 April	1,579	1,831	1,505	1,789
New asset purchased	11,432	1,567	11,153	1,493
Asset derecognised or repaid (excluding write offs)	(1,579)	(1,831)	(1,505)	(1,789)
Unwind of discount	-	12	-	12
At 31 March	**11,432**	**1,579**	**11,153**	**1,505**

Impairment of financial assets

i. 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 using a provision matrix:

31. Financial risk management continued

Group

31 March 2020

Trade receivables

Days past due

	Current	0 - 90 days	91 - 180 days	180 - 270 days	271 - 360 days	>360 days days	Credit impaired	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Expected credit loss rate	1.71%	1.50%	1.22%	1.58%	2.01%	0.00%	100.00%	
Estimated total gross carrying amount at default	1,183,076	320,865	452,891	100,568	262,543	-	133,733	2,453,676
Expected credit loss	20,281	4,806	5,539	1,588	5,283	-	133,732	171,230

1 April 2019

	Current	0 - 90 days	91 - 180 days	180 - 270 days	271 - 360 days	>360 days days	Credit impaired	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Expected credit loss rate	0.94%	0.94%	0.94%	0.94%	0.94%	16.3%	100.00%	
Estimated total gross carrying amount at default	1,190,066	337,024	98,154	77,440	223,772	538,876	97,436	2,562,768
Expected credit loss	11,187	3,168	923	728	2,103	88,012	97,436	203,557

31. Financial risk management continued

Company

31 March 2020

	Trade receivables Days past due							
	Current	**0 - 90 days**	**91 - 180 days**	**180 - 270 days**	**271 - 360 days**	**>360 days days**	**Credit impaired**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Expected credit loss rate	2.12%	2.12%	2.12%	2.12%	2.12%	2.12%	100.00%	
Estimated total gross carrying amount at Default	737,933	152,324	108,998	54,655	237,949	-	96,152	1,388,011
Expected credit loss	15,611	3,222	2,306	1,156	5,035	-	96,152	123,482

1 April 2019

	Current	**0 - 90 days**	**91 - 180 days**	**180 - 270 days**	**271 - 360 days**	**>360 days days**	**Credit impaired**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Expected credit loss rate	0.94%	0.94%	0.94%	0.94%	0.94%	75.16%	100.00%	
Estimated total gross carrying amount at Default	731,802	229,468	33,996	7,977	407,822	-	109,715	1,520,780
Expected credit loss	6,879	2,157	320	75	3,833	-	109,715	122,979

Expected credit loss measurement - other financial assets
The group applied the general approach in computing expected credit losses (ECL) for intercompany receivables and short term deposits. 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.

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.

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.

The group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. 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.

The following tables outline the impact of multiple scenarios on the allowance:

31 March 2020	Group Short Term deposits	Group Intercompany receivables	Group Total	Company Short term deposits	Company Intercompany receivables	Company Total
	N'000	N'000	N'000	N'000	N'000	N'000
Upside (10%)	1,163	-	1,163	1,134	914	2,048
Base (77%)	8,914	-	8,914	8,696	7,008	15,704
Downturn(11%)	1,355	-	1,355	1,323	1,066	2,389
Total	**11,432**	**-**	**11,432**	**11,153**	**8,988**	**20,141**

1 April 2019	Short Term deposits	Intercompany receivables	Total	Short term deposits	Intercompany receivables	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Upside (10%)	157	-	158	150	869	1,020
Base (80%)	1,263	-	1,263	1,204	6,953	8,157
Downside (10%)	157	-	158	150	869	1,020
Total	**1,579**	**-**	**1,579**	**1,505**	**8,692**	**10,196**

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. 2 Summary of significant accounting policies and in Note 2.3.2 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 expert within its credit risk department verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 March 2019 and 31 March 2020.

The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

Group and Company

31 March, 2020

Key drivers EDTF 3	ECL Scenario	2020	2021	2022	2023	Subsequent years
GDP growth%						
	Upturn	0.29	0.32	0.35	0.38	0.41
	Base	19.00	0.15	0.16	0.14	0.15
	Downturn	0.11	0.08	0.05	0.02	-0.01
Oil Price						
	Upturn	59.00	62.00	65.00	68.00	71.00
	Base	57.00	62.00	54.00	56.00	57.00
	Downturn	41.00	38.00	35.00	32.00	29.00
Inflation rate %						
	Upturn	24.00	22.00	20.00	18.00	16.00
	Base	32.00	33.00	34.00	35.00	36.00
	Downturn	36.00	38.00	40.00	42.00	44.00

Group and Company

1 April, 2019

Key drivers EDTF 3	ECL Scenario	2019	2020	2021	2022	2023	Subsequent years
GDP growth							
	Upturn	0.26	0.29	0.32	0.35	0.38	0.41
	Base	0.20	19.00	0.15	0.16	0.14	0.15
	Downturn	0.14	0.11	0.08	0.05	0.02	-0.01
Oil Price							
	Upturn	56.00	59.00	62.00	65.00	68.00	71.00
	Base	55.00	57.00	62.00	54.00	56.00	57.00
	Downturn	44.00	41.00	38.00	35.00	32.00	29.00
Inflation rate %							
	Upturn	26.00	24.00	22.00	20.00	18.00	16.00
	Base	31.00	32.00	33.00	34.00	35.00	36.00
	Downturn	34.00	36.00	38.00	40.00	42.00	44.00

(a) Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored by the credit committee comprising of sales, finance and internal audit.

At 31 March 2020, the Group had 235 customers (2019: 223 customers) that owed the Group more than N1,000,000 each and accounted for approximately 73% (2019: 59%) of all receivables.

There were 21 customers (2019: 18 customers) with balances greater than N10 million accounting for over 35% (2019: 26%) of the total amounts' receivable.

The entity has adopted a policy of only dealing with credit worthy counter-parties and a credit committee is instituted which comprises of sale, finance and internal audit department to review the outstanding balances on customers' account. Insurance certificate is required before credit is granted to key distributors. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On-going credit evaluation is performed on the financial conditions of account receivable and where appropriate, credit guarantee insurance cover is purchased.

The group evaluates the concentration of risk with respect to trade receivables to be low, as the credit risk on liquid funds is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies.

(b) Cash and short-term deposits

Credit risk from balances with banks and financial institutions is managed by the Red Star Express' treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

Red Star Express maximum exposure to credit risk for the components of the statement of financial position as at 31 March 2020 and 2019 is the carrying amounts as illustrated below:

	The Group		**The Company**	
	2020	**2019**	**2020**	**2019**
	N'000	**N'000**	**N'000**	**N'000**
Trade and other receivables*	2,537,301	2,638,454	2,369,479	2,457,367
Cash and cash equivalents**	1,787,850	479,606	1,608,584	354,595
	4,325,151	3,118,060	3,978,063	2,811,962

* This includes carrying amount of trade and other receivables less withholding tax receivable
** This includes carrying amount of cash and bank balances less cash in hand and cash in transit

31 (b) Liquidity risk

This is the risk arising from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity requirement.

The table below summarises the maturity profile of the Group's financial liabilities:

Year ended 31 March 2020	On Demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Total N'000
Trade and other payables	132,989	643,559	613,954	-	1,390,502
	======	======	=====	=====	======
Lease liability	-	73,985	145,599	82,136	301,720
	======	======	=====	=====	======
Borrowings	9,144	-	44,245	-	53,389
	======	======	=====	=====	======

Year ended 31 March 2019	On Demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Total N'000
Trade and other payables	145,202	605,719	612,358	-	1,363,279
	======	======	=====	=====	======
Finance lease	-	30,456	93,842	33,925	158,223
	======	======	=====	=====	======

The table below summarises the maturity profile of the Company's financial liabilities:

Year ended 31 March 2020	On Demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Total N'000
Trade and other payables	480,912	388,948	533,035	-	1,402,895
Lease liability	-	1,550	7,267	54,697	63,514
	======	======	=====	=====	======

Year ended 31 March 2019	On Demand N'000	Less than 3 months N'000	3 to 12 months N'000	1 to 5 years N'000	Total N'000
Trade and other payables	596,691	558,556	295,177	-	1,450,424
	======	======	=====	=====	======

* This includes trade and other payable less accruals, withholding taxes, Value added taxes and staff pension

31 (c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.The activities of the entity are exposed primary to the following market risks; interest rate risk, foreign currency risk and commodity price risk.

(a). Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency).In preparing the financial statement of the entity, transactions in currencies other than the entity's functional currency [foreign currencies] are recognized at the rates of exchanges prevailing at the date of the transactions. The Group is not managing its foreign currency risk by hedging because the entity's dealing in foreign currencies is minimal except for its cash and cash equivalent and will not have material effect on the consolidated and separate financial statements of Red Star Express Plc.

The following significant exchange rates were applied during the year:

	Average rate during the year		Reporting date spot rate	
	2020	2019	2020	2019
	N	N	N	N
Pound (GBP)	466.74	468.33	466.74	468.33
US$ 1	373.60	306.68	373.60	360.68

Effect on cash and cash equivalent
Changes in US Dollars Rate

		Group	Company
		N'000	N'000
2020	(+5%)	2,701	416
	(-5%)	(301)	(2,281)
2019	(+5%)	3,641	3,641
	(-5%)	3,641	(3,641)
Changes in Pounds			
2020	(+5%)	48	48
	(-5%)	(42)	(42)
2019	(+5%)	1.78	1.78
	(-5%)	(1.78)	(1.78)

Effect on trade recievables
Changes in US Dollars Rate

		Group	Company
2020	(+5%)	83	83
	(-5%)	(380)	(380)
2019	(+5%)	42,345	25,869
	(-5%)	(42,345)	(25,869)

(b). Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates. As at the year end, the Group is not exposed to interest rate risk as the rate of interest charged on borrowings is fixed.

32. Capital management

Management considers capital to consist only of equity as disclosed in the statement of financial position. The primary objective of the Red Star Express Plc capital management is to ensure that it maintains a healthy capital ratio that 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 or issue new shares.

	The Group		The Company	
The Group	**2020**	**2019**	**2020**	**2019**
	N'000	**N'000**	**N'000**	**N'000**
Lease liability	249,366	124,317	56,131	-
Borrowings	44,245	-	-	-
	293,611	124,317	56,131	-
Total equity	4,376,279	2,762,923	3,474,189	2,064,640
Adjusted net debt to equity ratio:	7%	4%	2%	0%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 2019. In order to ensure an appropriate return for shareholder's capital invested in the Group, management thoroughly evaluates all material projects and potential acquisitions before approval. The Group is not subject to any capital restriction requirements.

33. Events after the reporting period

The Directors are of the opinion that there are no events after the reporting date that require adjustments in the financial statements. Management has assessed the impact of the Coronavirus disease (COVID-19) on the going concern of the Company and has concluded that the use of the term, going concern, is appropriate and that the company will be able to recover its assets and discharge its liabilities in the foreseeable future.

The Federal Ministry of Health confirmed the first case of COVID-19 in Nigeria on 27th February 2020 since the beginning of the outbreak in China on November 17, 2019. The COVID-19 outbreak which started in China has caused significant disruption to the society, impacting the Company, its employees, customers and other stakeholders. The virus has the potential to spread rapidly across some states in the Country as a whole, and the number of reported cases in Nigeria has grown over the past months.

This has undoubtedly brought uncertainty to businesses globally and in Nigeria. As a result, Government continues to implement interventions aimed at controlling the spread of the virus, including requiring entities to limit the number of people to be present at a particular location per time or suspend business operations.

33. Events after the reporting period- Continued

Government of both national and sub-national levels, in their pronouncements recognized Couriers/Logistics companies as part of the essential service providers that are allowed to continue to operate and we believe this would continue to be the case, as people require sustenance in order to meet their daily needs. The Group is in a good position as it has varied products and services, which cut across all economic classes of the Nigerian populace, hence the risk of prolonged low patronage to the Group is limited.

The Group has done analysis of its key performance indicators and also an assessment of whether the current uncertainty may impact on the amounts presented in the financial statements as at 31 March 2020.

Based on the analyses performed, management has concluded that the amounts recognized in the financial statements do not require further adjustment but will continue to monitor situation and adjustments thereof, will be reflected in the appropriate reporting period.

34. Commitments and contingencies

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the Group's states of affairs have been taken into account in the preparation of these consolidated financial statements under review.

Legal claim contingency

At 31st March 2020, there were no contingent liabilities. The Directors are of the opinion that based on the solicitors' advice no material loss will arise from them. Consequently, no provision has been made in these consolidated financial statements for the amount.

Guarantees

The Group accepted a performance bond of N50 million (2019: N50 million) in favour of Nigeria Customs Service.

VALUE ADDED STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

The Group	**2020 N'000**	%	**2019 N'000**	%
Revenue	10,548,984		10,066,576	
Cost of Goods And Other Services Local	(8,973,660)		(8,454,295)	
	1,575,324		1,612,281	
Non-Trading Items	289,949		132,191	
Total Value Added	1,865,273		1,744,472	
APPLIED AS FOLLOWS:				
EMPLOYEES				
- as salaries and labour related expenses**	569,324	31%	607,395	35%
TO PROVIDER OF CAPITAL				
- as finance cost	60,496	3%	33,906	2%
TO GOVERNMENT:				
- as income tax	309,583	17%	288,288	17%
RETAINED FOR THE GROUP'S FUTURE				
- for assets replacement (depreciation & amortization)	356,460	19%	359,702	21%
- for assets ROU asset (depreciation)	128,913	7%	-	-
- deferred tax credit	(28,492)	(2)%	(11,067)	(1)%
- for expansion (profit retained)	468,989	25%	466,248	27%
	1,865,273	100%	1,744,472	100%

The value added represents the additional wealth which the Group has been able to create by its own and its employees' effort. This statement shows the allocation of that wealth between employees, providers of capital, government, shareholders and that retained for future creation of more wealth.

** Salaries and labour related expenses**

	2020 N '000	**2019 N'000**
Employee benefit expenses	432,037	447,874
Medical	89,844	101,042
Training	47,443	58,479
	569,324	607,395

VALUE ADDED STATEMENT
continued

The Company	2020 N'000	%	2019 N'000	%
Revenue	6,289,699		5,849,869	
Cost of Goods And Other Services Local	(5,229,775)		(4,691,065)	
	1,059,924		1,158,804	
Non-Trading Items	108,601		144,175	
Total Value Added	1,168,525		1,302,979	
APPLIED AS FOLLOWS:				
EMPLOYEES				
- as salaries and labour related expenses**	461,673	40%	483,937	37%
TO PROVIDER OF CAPITAL				
- as finance cost	7,383	1%	-	-
TO GOVERNMENT:				
- as Company tax	219,054	19%	228,228	18%
RETAINED FOR THE COMPANY'S FUTURE				
- for assets replacement (depreciation& amortization)	197,152	17%	160,443	12%
- for assets ROU asset (depreciation)	11,646	1%	-	-
- deferred taxation	6,435	1%	15,598	1%
- for expansion (profit retained)	265,182	23%	414,773	32%
	1,168,525	100%	1,302,979	100%

The value added represents the additional wealth which the Company has been able to create by its own and its employees' effort. This statement shows the allocation of that wealth between employees, providers of capital, government, shareholders and that retained for future creation of more wealth.

*** Salaries and labour related expenses**

	2020 N '000	2019 N'000
Employee benefit expenses	392,691	403,271
Medical	27,113	26,599
Training	41,869	54,067
	461,673	483,937

FIVE YEAR FINANCIAL SUMMARY
FOR THE YEAR ENDED 31 MARCH 2020

The Group

	2020 N '000	2019 N '000	2018 N '000	2017 N '000	2016 N '000
STATEMENT OF PROFIT OR LOSS					
Revenue	10,548,984	10,066,576	8,407,507	7,298,642	6,632,996
	=======	=======	======	======	======
Profit before taxation	750,080	743,469	610,589	653,200	572,107
	=======	=======	======	======	======
Profit after taxation	468,989	466,248	347,558	426,756	334,427
	=======	=======	======	======	======
Per N0.50 share data (kobo):					
Earning Basic	0.70	0.76	0.59	0.72	0.57
	====	====	====	====	====

	2020 N '000	2019 N '000	2018 N '000	2017 N '000	2016 N '000
STATEMENT OF FINANCIAL POSITION					
Assets and Liabilities					
Property, plant & equipment	1,363,326	1,388,952	1,259,512	1,150,232	882,393
Intangible assets	61,290	47,508	32,668	18,172	5,359
Long term prepayment	127,011	90,149	32,456	22,968	14,736
Right of use assets	325,544	-	-	-	-
Employee benefit assets	73,988	-	-	-	-
Equity instrument at fair value through other comprehensive income	395	535	-	-	-
Available for sale financial instrument	-	-	477	477	568
Net current assets	2,733,538	1,488,314	1,539,090	1,488,901	1,442,942
Non-current liabilities	(308,813)	(252,535)	(336,618)	(248,702)	(133,955)
	--------------	------------	-------------	------------	------------
	4,376,279	2,762,923	2,527,585	2,432,048	2,212,043
	=======	======	======	======	======
Share and Reserves					
Share capital	463,176	294,748	294,748	294,748	294,748
Share premium	1,437,001	296,433	296,433	296,433	296,433
Retained earnings	2,476,242	2,171,742	1,936,404	1,840,867	1,620,862
Fair value of equity instrument designated at FVOCI	(140)	-	-	-	-
	--------------	------------	-------------	------------	------------
	4,376,279	2,762,923	2,527,585	2,432,048	2,212,043
	=======	=======	======	======	======

The Company 2020

STATEMENT OF PROFIT OR LOSS

	2020 N '000	2019 N '000	2018 N '000	2017 N '000	2016 N '000
Revenue	6,289,699	5,849,869	4,406,118	4,049,921	3,815,253
Profit before taxation	490,671	658,599	486,487	408,342	423,195
Profit after taxation	265,182	414,773	334,772	314,677	263,780
Per N 0.50 share data (kobo):					
Earning Basic	0.39	0.68	0.57	0.53	0.45

STATEMENT OF FINANCIAL POSITION

	2020 N '000	2019 N '000	2018 N '000	2017 N '000	2016 N '000
Assets and Liabilities					
Property, plant & equipment	693,551	691,856	615,458	573,030	512,269
Intangible assets	59,357	47,508	32,668	18,168	5,345
Long term prepayment	12,877	17,861	32,456	24,468	16,236
Right of use assets	74,824	-	-	-	-
Equity instrument at fair value through other comprehensive income	395	535	-	-	-
Available for sale financial instrument	-	-	477	477	568
Investment in subsidiary	374,065	374,065	374,065	284,065	284,065
Employee benefit assets	74,374	-	-	-	-
Net current assets	2,320,237	1,027,560	926,832	973,290	920,421
Non-current liabilities	(135,491)	(94,745)	(108,166)	(82,459)	(55,791)
	3,474,189	2,064,640	1,873,790	1,791,039	1,683,113
Share and Reserves					
Share capital	463,176	294,748	294,748	294,748	294,748
Share premium	1,437,001	296,433	296,433	296,433	296,433
Retained earnings	1,574,152	1,473,459	1,282,609	1,199,858	1,091,932
Fair value of equity instrument designated at FVOCI	(140)	-	-	-	-
	3,474,189	2,064,640	1,873,790	1,791,039	1,683,113

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY REPORT OF RED STAR EXPRESS PLC
FOR THE YEAR ENDED 31ST MARCH 2020

1. INTRODUCTION

This Sustainability Report covers our performance in the 2019/2020 financial year, and primarily focuses on our sustainability goals which are in line with our "P.S.P" (i.e. People, Service, Profit) philosophy. Red Star Express Plc is committed to investing in people which we believe are our greatest asset (people here connotes our staff, members of our host communities in areas where we operate and Nigerians generally).

This report would also take into cognizance key issues that occurred in the courier industry which were critical to the sustainability of our business. Key issues are such that could potentially have a significant impact on our business performance or our business leadership position.

The report would also capture the strategy we will be leveraging on to achieve the Sustainability Goals we have set out to attain in the next financial year and also reflect the company's position for the period under review.

At Red Star Express, we believe that when we invest in our people, they are spurred to render excellent customer service to our customer/clients thereby making profit for the company and indeed its shareholders. The profits are reinvested in the people to complete our sustainability cycle.

The Company also recognises the bond with its host communities, and is committed to sustainable business care for the environment. This position is further buttressed by the Company's Corporate Social Investment Policy as approved by the Board.

To actualize its commitment to investing in people, the Red Star Foundation was incorporated as the special purpose vehicle of the company's investment in the people and 0.5% of the company's profit after tax is set aside annually to fund the Foundation's scholarship program amongst other altruistic projects. The Red Star Foundation presently awards scholarship to indigent students from public secondary schools within our host communities in various parts of the country.

2. ECONOMIC IMPACT

Red Star Express Plc provides employment to over 1,800 employees and indirectly, to a number of persons working with us as either 3rd party providers, suppliers, contractors etc.

2.1 Relationship with Suppliers/Contractors

Red Star Express Plc maintains a transparent and open relationship with all its suppliers and contractors. The Company ensures a strict know your customer regime and ascertains that all its suppliers and contractors do not engage in acts of bribery or corruption, human trafficking or the employment of under aged children as labourers. It also prescribes minimum health and safety standards to be adopted.

In monitoring its suppliers/contractors, the Company developed the Supplier's Portal, which acts as a central data bank, ratings platform and information dissemination tool of the Company.

2.2 Relationship with Customers

The company recognizes the importance of its customers and thus adopted the following service standards:

- To exceed customer expectations by providing the most reliable service;
- To engage competent and resourceful employees, and;
- Deploying modern technology to provide logistics services that exceed stakeholder's expectations at all times.

We believe that our clients/customers are the key to the continued existence of the Company hence, the Company prioritises their satisfaction as the ultimate sustainability feedback.

The Company continues to deploy the most modern and bespoke technology to ensure that customer's needs are satisfied.

3. SOCIAL

RSE prides itself as an equal opportunities employer, however some jobs peculiar to the Courier industry are generally done by men as they are considered inappropriate for women.

Percentage of Board Seats filled by independents and Women

S/N	Description	Number	Percentage on the Board "%"
1.	Board	8	100
2.	Independent Directors	1	12.5
3.	Women	1	12.5

3.1 Labour Practices

The Company respects the rights of its employees to belong to any association of their choice. Employees are free to join any trade union of their choice and partake in any collective bargaining agreements.

The Company recruits its employees mainly from its host communities, however recruitments are none the less done on Merit. The Company totally discourages the use of forced labour or under aged persons as workers under any guise.

3.2 Harassment

The Company frowns at any form of harassment at the workplace. The Employee Handbook clearly spells out the procedure to be adopted by any employee seeking redress from any harassment or assault at the workplace.

The Employee are the primary resource of the Company hence they are encouraged to continuously improve themselves to make them even more valuable.

3.3 Employee benefits

Company employee are well remunerated in comparison to other companies in the same industry. In addition to remuneration, all employee are entitled to free health care under the various Company Health Management Organizations (HMOs), and insured under the Employee Compensation Act (ECA). The Company has also put in place a Welfare scheme, where in appreciation of staff dedication and service, are given a token at the end of their employment, subject to good behavior. The Company also has a very robust Co-operative Multipurpose Society, which facilitates saving culture, access to small loans and ownership of property anywhere in Nigeria.

3.4 Occupational Health & Safety

The Company is committed to a safe and drug/alcohol free work place, hence all forms of alcohol and drugs are strictly prohibited on all its business premises and while on duty. Furthermore, alcohol and drug tests are carried out from time to time.

The Health and safety of staff is paramount to the Company; in the course of the financial year the following table shows the number of accidents/fatalities that were recorded vis-a-vis the total number/workforce:

Total number of injuries/work force- 62/1876
Total number of fatalities/work force- 1/1876

3.5 Human Rights

Red Star Express Plc is a law abiding entity and is fully committed to the protection of the rights of her employees as enshrined in the Constitution of the Federal Republic of Nigeria 1999 as amended.

The rights of the Employees are stated in the Employee Handbook which is readily accessible by every employee on the Company's intranet. The Company recognizes the inherent nature of these rights and that it affects every stakeholder theCompany has dealings with.

There were no grievances about human rights violations recorded within the year under review.

3.6 Discrimination

Red Star Express Plc., does not tolerate discrimination, harassment, bullying or abuse. The Company complies with wage and work hours' laws; equal remuneration for women and men; respect of employees' decision to join or not join a union. The Company is not tolerant of child or forced labour and this position is communicated to all third Parties we do business with.

4. CORPORATE SOCIAL RESPONSIBILITY

We know that the sustainability of our business depends largely on our business environment as well as the growth of the host communities where we operate. Hence, we take proactive steps towards optimizing the ecological and human resources resident and/or deposited in our business environment. The business of our Company does not have any climate change effect, deplete natural resources nor cause any damage to species and/or habitats. Instead, our Company improves the environment in which it operates.

Our strategy involves making continuous improvement in the environment where our offices are situated as a means of improving the quality of life of its residents. Listed below are some of the projects undertaken by the Company in this regard:

- **Relief Materials to the Nigerian Red Cross Society (Lagos State Branch)**
  Red Star Express through its Foundation donated relief materials such as food, beddings, clothings and other household consumables to the Nigerian Red Cross Society Lagos State Branch, Motherless Babies Homes and other relief centers across the country.

- **Provision of Books to the Press Club of Ikeja Senior Grammar School in Lagos**
  The Foundation also provided books and writing materials to the Press Club of Ikeja Senior Grammar school in the support of their Annual Club and Society Celebration.

- **Scholarship Presentation**
  During the course of the financial year under review, the Foundation awarded scholarships to a total of 38 secondary school students in Lagos, Kano and Rivers States.

- **The Mentorship Scheme**
  The Company vide its Foundation, initiated a Mentorship Scheme where beneficiaries are paired with various employee who act as Mentors to guide them by giving career advice and exposure to the corporate working environment.

  Other notable Corporate Social Responsibility Programs supported by the Company include donations to the following bodies/causes:
  - Loyola Jesuit College
  - United States Embassy
  - Nigerian Association of Small Scale Industries

5. GOVERNANCE

5.1 Whistle Blowing Mechanism/Code of Business Conduct

The Company maintains an independent whistle blowing system for report of conduct inimical to the corporate existence of the business or violates our Code of Business Conduct, Policies or Standards. Issues reported through this medium are treated in confidence and duly investigated.

Reports may be made via the dedicated whistleblowing email: whistlebox@redstarplc.com or telephone lines 07031763726, 08107747473.

5.2 Bribery and Corruption

The Company prohibits giving or receiving bribes or other improper advantages for business gain. This prohibition applies to any form of bribe of any value, and is not limited to cash. We also take special care to ensure that our actions are not interpreted as bribery, particularly in the areas of gifts, hospitality, entertainment, expense, charitable donations and sponsorship. All such are recorded in our accounting and financial records to avoid the risk of inadvertently facilitating an act of bribery.

Employee are routinely exposed to anticorruption trainings. There were no incidents, fines or exposure related to corruption or bribery in the year under review.

6. OUR ENVIRONMENT

6.1 Products and Services

Red Star Express being a service company does not purchase or make use of harmful chemicals in any area of its business. The Company makes a conscious effort to prevent use of paper as most of its processes are done electronically. Where paper must be used, only recycled paper is purchased and staff are encouraged to reduce/reuse/recycle paper as much as possible.

The Company is currently making efforts to embed clean energy into its operations. Studies are ongoing to adapt electric vehicles into its fleet; some offices would be powered by solar energy very soon. It is envisaged that these projects would reduce the company's carbon foot print substantially.

6.2 Waste Management

The Company generates zero harmful, or hazardous waste,all waste products are disposed in line with government regulations and preservation of the environment.

6.3 Compliance to Environmental laws

The Company maintains a very high standard of environmental compliance hence there was no fine/penalty for non compliance to environmental laws and regulations in the year under review.

7. CONCLUSION

The Company shall strive to ensure that it conducts its business in a sustainable and ethical manner in compliance with all extant laws.

RED STAR FOUNDATION

CSR: Red Star Foundation

Red Star Foundation was founded by Red Star Express Plc to spearhead its efforts in making continuous improvement in the environment where our offices are situated as a means of improving the quality of life of residents.

The Foundation was established in 2004. However, it was incorporated on the 9th of August 2006.

Scholarships

The Foundation affords students (SS1-SS3) the opportunity of completing their Senior Secondary School Education by taking on critical expenses for the 3 years (tuition Fees, books etc.). Scholarship awards are backed by qualifying criteria, a neutral selection process and endorsement by all relevant stakeholders, including the Ministry of Education, Local Government Authorities, and Secondary Schools Authorities.

The Foundation which started off in Lagos has been extended to the Eastern and Northern part of the country. In the last 15 years, over 200 students across the country have benefited from the Foundation.

The 2019 Red Star Foundation scholars with the Management Team of Red Star Express Plc and Representatives from the Lagos State Ministry of Education and Oshodi Local Government.

The Mentorship Scheme
The Foundation initiated a Mentorship Scheme where beneficiaries of its scholarship scheme are paired with various staff who act as mentors to guide them by giving career advice and exposure to the corporate working environment.

The 2019 Red Star Foundation scholars with the some of the Mentors (Red Star Express Plc team).

Donation of Writing Materials
The Foundation also donated writing materials (Exercise Books) to various secondary schools in order to encourage the students to participate in class.

'I-Care' Project
In its effort to expand its activities, the Foundation started the "I Care Project Initiative" in the year 2011. The project is designed to support the needs of the less privileged in our society.

Relief items for Charity Homes
Last financial year, the Foundation through its 'I CARE' Project donated food items and materials to several Charity Homes across the nation. The Lagos team visited the Nigerian Red Cross in Yaba while similar visits where done to other homes in Ibadan, Abuja, Port Harcourt, Enugu, Kaduna and Kano.

Red Star Team donating items to a Charity home in Kaduna.

Red Star Team donating items to a Charity home in Abuja.

Red Star Team donating items to a Charity home in Benin City, Edo State.

Red Star Team donating items to a Charity home in Enugu.

Red Star Team donating items to Nigerian Red Cross Society, Lagos State Chapter.

GROUP EXECUTIVE COMMITTEE

Auwalu Babura
Executive Director,
Finance and Administration

Dr. Olusola Obabori
Group Managing Director/CEO

Victor Ukwat
Executive Director,
Sales and Marketing

Charles Ejekam
Divisional Managing Director,
Red Star Logistics

Tonye Preghafi
Divisional Managing Director,
Red Star Support Services

Frances Akpomuka
Company Secretary/
HOD Corporate Resources

Mudiaga Okumagba
Chief Operating Officer,
Red Star Freight

Inemesit James-Okoro
General Manager,
International Operations

Kayode Agbe
Deputy General Manager
Sales and Domestic Operations,
Red Star Express

Jayson Oyarekhua
Chief Operating Officer,
RS Allied Solutions

Abdulkadri Koguna
Deputy General Manager,
Central Administration

PROXY FORM

FORM OF PROXY FOR USE AT THE TWENTY-SEVENTH ANNUAL GENERAL MEETING OF RED STAR EXPRESS PLC. ON OCTOBER 8, 2020 AT THE RADISSON HOTEL, ISAAC JOHN STREET, G.R.A, IKEJA, LAGOS.

I/WE ……………………………………………………………………………………being a member(s) of RED STAR EXPRESS PLC. hereby appoint:**……………………………………………………………… or failing him Dr. Olusola Obabori as my/our proxy to vote for me/us and on my/our behalf at the Annual General meeting of the Company to be held on Thursday 8thOctober 2020 and at any adjournment thereof.

Dated this……………. day of …………………………………. 2020

Shareholders' Signature………………………………………………

Name of shareholder…………………………………………………

Common seal should be affixed if executed by a corporation.

	RESOLUTIONS	FOR	AGAINST	ABSTAIN
1.	Approval of Accounts			
2.	Declaration of Dividend			
3.	Re-election of Directors;			
a.	Mr. Sule Umar Bichi			
b.	Mr. Sulaiman Koguna			
4.	Reappoint and fix the remuneration of the Auditors.			
5.	To elect members of the Audit Committee			

NOTE:
The above Proxy Form, when completed, must be deposited at the office of the Registrars, United securities Limited, Plot09, Amodu Ojikutu Street, Victoria Island, Lagos, or via email at eforms@unitedsecuritieslimited.com not less than 48 hours before the times fixed for the meeting.

The Company shall bear the cost of stamp duties on every proxy form received within the stated timeline.

If the Proxy Form is executed by a company, it should be sealed under its Common Seal or under the hand and seal of its attorney.

…………………………………………… ……………………………

Signature of the Proxy attending Date

**The Proxies are as follows:

1.	Mr. Suleiman Barau	-	Chairman/Non-Executive Director
2.	Dr. Olusola Obabori	-	Group Managing Director/CEO
3.	Mr. Moses Ogundeji	-	Shareholder Representative
4.	Chief Cyril Ugwumadu	-	Shareholder Representative
5.	Mr. Ganiyu Amoo	-	Shareholder Representative

Affix
Current
Passport
(To be stamped by bankers)

Please write your name at the back of your passport photograph

united securities»»

E-MANDATE ACTIVATION FORM

Only Clearing Banks are acceptable

Instruction

Please complete all sections of this form to make it eligible for processing and return to the address below

The Registrar,

UNITED SECURITIES LIMITED RC 126257
9, Amodu Ojikutu Street, Off Bishop Oluwole Street,
Victo ria Island, P.M.B 12753 Lagos, Nigeria.

I\We hereby request that henceforth, all my\our Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand column be credited directly to my \ our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname / Company's Name First Name Other Names

Address:

City State Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s) Company Seal (If applicable)

Joint\Company's Signatories

Kindly tick & quote your shareholder account no in the box below

Tick	Name of Company	Shareholder Number
	Access Bank PLC	
	Afrinvest WA Ltd	
	AIICO Insurance PLC	
	AIICO Money Market Fund	
	BSS Industries Ltd	
	Caverton Offshore Support group	
	Dangote Cement PLC	
	FSDH Asset Management Limited	
	Food Emporium Int`l Limited	
	Gombe State Government	
	IHS Nigeria PLC	
	Lagos State Government	
	Lead Asset Mgt Limited	
	MCNichols Consolidated PLC	
	Mixta Real Estate Bond	
	NDEP PLC	
	NIPCO PLC	
	Red Star Express PLC	
	SFS Capital Nig. Ltd	
	Three Points Industries Ltd	
	Trust Bond Mortgage Bank PLC	
	WAPIC Insurance PLC	

For inquiries, please call 01-2714566-7 or send e-mail to customerscare@unitedsecuritieslimited.com united securities»»

SHAREHOLDER'S DATA UPDATE

Date (DD/MM/YYYY)

The Registrar
United Securities Limited
10, Amodu Ojikutu Street,
Victoria Island, Lagos.

Dear Sir/Madam

Kindly find below updated information which I/We request that you adopt in respect of my/our shareholding in the companies ticked in the boxes hereunder:

1) PERSONAL INFORMATION

Surname/Compay Name:

Other Names (for individual Shareholder)

Present Postal Address

2) E-BONUS INFORMATION

I/We hereby request that from now on, all my/our bonus shares due to me/us from our holdings in all companies. Indicated below to transferred to CSCS electronically.

CLEARING HOUSE NUMBER: C

NAME OF STOCKBROKER

ACCOUNT NUMBER:

3) E-CONTACT DETAILS:

Email Address:-

Mobile (GSM) Phone Number

4) E-DIVIDEND PAYMENT INFORMATION:

I/We hereby request that from now, all dividends due to me/us from my/our holdings in all the companies indicated above be mandated to me/our Banks details below

Bank Name (SECTION TO BE COMPLETED BY YOUR BANK)

Branch Address

Bank Account Number

Bank Sort Code

PLEASE NOTE THAT THE SECTION FOR YOUR BANK ACCOUNT DETAILS HAS TO BE COMPLETED BY YOUR BANK
I/We confirm that all information supplied is to the best of my/our knowledge correct and hereby indemnify United Securities Limited against any loss that may arise from their adoption of the details has supplied.

Shareholder's Signature or Thumbprint

Shareholder's Signature or Thumbprint

Company Seal/Incoporation Number (Corporate Shareholder)

AUTHORISED SIGNATURE & STAMP OF BANKERS

5) Note: Shareholder with outstanding dividend warrants or share certificate can either call 01-2714566-7 or send an e-mail to customercare@unitedsecuritieslimited.com or visit United Securities Limited, for their outstanding dividend.

6) Kindly return the duly completed form to the registrar

United Securities Limited. RC 126257
Marina House, 10, Amodu Ojikutu Street, off Bishop Oluwole Street, Victoria Island, P,M.B. 12753, Lagos, Nigeria.
Website: www.unitedsecuritieslimited.com; E-mail: info@unitedsecuritieslimited.com or The completed update form can also be submitted through any Access Bank Plc branch nearest to you.

STANDARDS ORGANISATION OF NIGERIA

NO 13/14 VICTORIA AROBIEKE STREET, LEKKI PHASE 1, LAGOS

Certificate

No. 0000076

This is to certify conformity of

RED STAR EXPRESS Plc.

Organization/Person

70 INTERNATIONAL AIRPORT ROAD, OSHODI, LAGOS

Location

Quality Management System

With ISO 9001:2015

Specification/Standard

For PICK UP AND DELIVERY OF PARCELS AND DOCUMENTS

Scope

Issued on 04.10.2018

Expires on 03.10.2021

DIRECTOR GENERAL/CHIEF EXECUTIVE

STANDARDS ORGANISATION OF NIGERIA