Red Star Express

Licensee of Federal Express Corporation

2023 ANNUAL REPORT & ACCOUNTS

CGRS

Better For Business

RATED

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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
AUWALU BADAMASI BABURA
Group Managing Director/Chief Executive Officer

Ownership Structure
WHOLLY NIGERIAN

International Partner
Federal Express Corporation (FedEx)

Founded By
Messrs SONY ALLISON, PATRICK NWOSU and EDDY OLAFESO

Began Operation:
OCTOBER, 1992

Plc Status: 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 Nigeria"

MISSION:

"To provide best-in-class logistics solutions delivering sustainable value to all stakeholders"

CORE VALUES:

Accountable

- To accomplish and focus on the 4 P's of Accountability – people, purpose, performance, and progression
- Each of us is responsible for our commitments to all our stakeholders
- To foster better work relationships, improve job satisfaction, and help teams work more effectively together

Ethical Practice

- Trustworthy and honest in all dealings
- Confidentiality of stakeholders' information
- Consistency of actions, values, methods, measures, principles, expectations, and outcomes

Excellence

- Services that constantly exceed standards and expectations
- Customers first in all considerations and every promise made is delivered.
- Customer-centric
- Professionalism

Innovative

- Providing superior logistics solutions
- Agility and resilience
- Developing products or services and adapting it to customer demands.
- Having foresights on future industry disruptions.

Red Star Express Plc 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 Removal 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 General 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 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 (OON)	Chairman
	Auwalu Badamasi Babura	Group Managing Director/CEO
	Ejekam Charles	Executive Director, Sales & Marketing
	Chioma Sideso	Independent Non-Executive Director
	Sulaiman Lawan Koguna	Non-Executive Director
	Peter Surulere Aletor	Non-Executive Director
	Chukwuemeka Ndu	Non-Executive Director

Registered Office:
70, International Airport Road Lagos.
Tel: 01-2715670
Email: enquiries@redstarplc.com
http://www.redstarplc.com

Registration Number: RC No. 200303

FRC Number: FRC/2012/0000000000253

Company Secretary:
Frances Ndidi Akpomuka
70, International Airport Road Lagos.

Company Registrar:
Apel Capital Registrars Limited
8, Alhaji Bashorun Street,
Off Norman Williams Crescent,
South-West, Ikoyi, Lagos

Company Solicitor:
Uwensuyi Edosomwan & Co.
254A, Ikorodu Crescent
Dolphin Estate
Ikoyi, Lagos

Independent Auditor:
KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island, Lagos

Bankers:
Access Bank Plc
Ecobank Nigeria Limited
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
Parallex Bank Limited
Polaris Bank Limited
Stanbic IBTC Bank Plc
Sterling Bank
UBA Plc
Union Bank Plc
Unity Bank Plc
Wema Bank Plc
Zenith Bank Plc

Tax Identification Number: 02460096-0001

BARAU, SULEIMAN (OON, FCIB, FNIM) (CHAIRMAN)

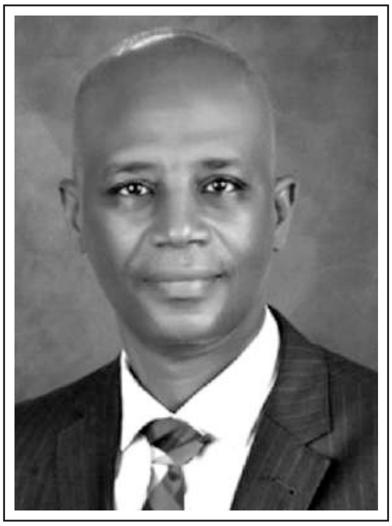
Suleiman Barau (OON, FCIB, FNIM) took over as Chairman from Dr Mohammed Koguna who retired in October 2018, having served in the same capacity for 26 years.

He was a distinguished Public Servant and a Merchant, Commercial and Central Banker. His over 18 years sojourn as a Public Servant was initially as a Principal Economist with the Nigerian Mining Corporation and subsequently with the Central Bank of Nigeria, as a Special Adviser to the Governor during which time he briefly acted as Managing Director of the Nigerian Security Printing and Minting Plc, and then as a two term Deputy Governor before he retired in December 2017.

Before working at the CBN, he had over 17 years banking experience cutting across four banks namely Continental (formerly Chase) Merchant Bank, Bank of the North, UBA and FSB International Bank. He was educated at Ahmadu Bello University, Zaria, University of Jos and University of Bradford where he acquired Bsc, MSc, post experience and graduate certificates in Economics, Investment Analysis and Management Research.

He attended over 3 dozen courses in major institutions such as Euromoney, Insead, IMD, Wharton, Harvard, Kellogg and Stanford Universities. He is an Alumnus of Harvard Kennedy and IMD Business Schools. He loves Soccer, Car Racing, Railways and Geography.

BABURA, BADAMASI AUWALU (FCA)
(GROUP MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER)



Auwalu Badamasi Babura is the Group Managing Director/Chief Executive Officer of Red Star Express Plc, a listing member of the Nigerian Stock Exchange.

An accomplished, versatile, innovative, highly motivated, and result-oriented financial expert, with proven track records of managing organizational resources and delivering sustainable financial results. Reliable Business Executive with unique competencies in Finance and Customer management.

Auwalu joined Red Star Express in 1994 and has served in various capacities, leading teams in Finance, Internal Control and Processes Management, Credit Management, and Administration.

Auwalu holds a first Degree in Accounting (B.Sc.) from Bayero University Kano, an MBA in Business Administration (MBA) from the Lagos State University, and a Mini MBA from London School of Business and Finance.

He has attended Senior training programs cutting across Controls, Planning, and Leadership amongst others both locally and abroad.

He is a fellow of the Institute of Chartered Accountants of Nigeria, a member of the Institute of Directors (IOD). He is also an alumnus of Lagos Business School and The London School of Economics.

EJEKAM, UCHE CHARLES (FNIMN)
(GROUP EXECUTIVE DIRECTOR, SALES AND MARKETING)

Charles Uche Ejekam is a consummate professional with enviable skills in sales and business development, marketing and corporate communications, air express delivery, logistics and supply chain, learning and human capital development and cost management initiatives.

Prior to his appointment as Group Executive Director for Sales & Marketing for Red Star Express Plc. effective April 1 2022, he was the Divisional Managing Director of Red Star Logistics; a subsidiary of Red Star Express Plc. from April 2019 till March 2022 and previously served as the Divisional Managing Director of Red Star Express; also a subsidiary of Red Star Express Plc. from April 2016 to March 2019.

Charles commenced his working career in Red Star Express as a Commercial Executive in year2000, and has at various points handled responsibilities in Territorial Management, Key Accounts Management, Marketing, Brand & Public Relations, and Regional Management roles in Lagos and Abuja. He holds a Bachelor of Science Degree in Political Science from the University of Nigeria, Nsukka with Second Class Honours (Upper Division) and a Masters Degree in Public & International Affairs from the University of Lagos.

As part of his corporate development, Charles has at various times attended Trainings within and outside Nigeria in the areas of Leadership, Strategy, Sales & Marketing, Train the Trainer and Key Account Management. Specific programmes including the Lagos Business School's Advanced Management Programme (AMP30) and has gained international insights through the IESE Business School in Spain. Additionally, he's honed his expertise through a leadership executive program at the Wharton School, University of Pennsylvania.

Charles' professional memberships include the 2016 FedEx GSP 3 class, Memphis, USA; the Institute of Directors (IOD); Lagos Business School Alumni Association (LBSAA); Fellow of the Courier and Logistics Management Institute (CLMI); Fellow of the Institute of Management Consultants; Fellow of the Institute of Credit Administration; Fellow of the National Institute of Marketing of Nigeria (NIMN). Additionally, he is a member of the International Association of Public Health Logisticians (IAPHL) and serves on the Executive Council Member of the Nigerian British Chamber of Commerce.

In his leisure time, Charles enjoys running and boxing. He also plays golf at Ikoyi Club where he is a member, and loves spending quality time with family and friends.

KOGUNA, LAWAN SULAIMAN
(NON-EXECUTIVE DIRECTOR)

Mr. 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). He is the Executive Director, Marketing, Koguna Babura Insurance Brokers Limited. He is also Founder/Director e-Insurance Solutions Centre Limited, e-Training Institute and e-Island Solutions Limited.

PETER SURULERE ALETOR
(NON-EXECUTIVE DIRECTOR)

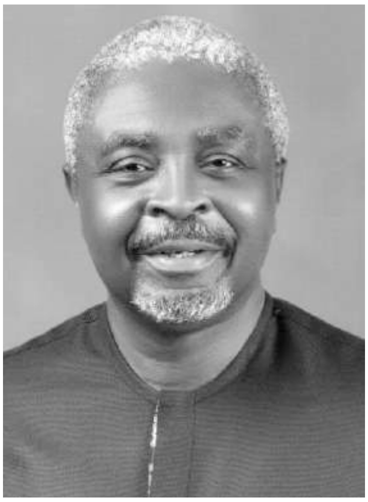
Peter Surulere Aletor is a fellow of the Chartered Institute of Stockbrokers, an Accountant by training and an alumni of the Executive Programmes of the Lagos Business School and the Harvard Business School. He has over 25 years' experience in Stockbroking, Asset Management and Deal Structuring.

He was a pioneer staff of Capital Express Securities Limited and rose to become its Managing Director. He is currently the Managing Director/ Chief Executive Officer of Apel Asset Limited.

SIDESO, CHIOMA
(NON-EXECUTIVE DIRECTOR)

Chioma Sideso is a proven visionary and strategic business leader. She holds an LL.B from the University of Kent, Canterbury, MBA in Business Administration, and has attended various local and international trainings.

She commenced her professional career with Marks and Spencer Plc, UK between Jan 1999 – Jan 2001. She joined Jardine Lloyd Thompson Group, UK in Jan 2001 and was there till April 2002, before moving to Barclay's Bank, UK from April 2002 to Nov 2003. She assumed the position of President ADIC Insurance Ltd in November 2006. She also served as Managing Director of NSIA Insurance Ltd.



NDU, CHUKWUEMEKA
(NON-EXECUTIVE DIRECTOR)

Chukwuemeka Ndu is a Fellow of the Chartered Institute of Accountants and an alumni of the University of Nigeria Nsukka, Chief Executive's Programme of the Lagos Business School and the Rotman School of Management, University of Toronto Canada. Mr Ndu has well over 35years' experience in Accounting, Money Market and Project Finance, Audit, Tax and Consulting.

Mr Ndu holds various Directorial offices with Leasafric Limited Ghana Epic International, (FZE) UAE, BW Offshore Nigeria Limited, Petra Services Limited, Imperial Homes Mortgage Limited and he is presently the Vice Chairman of Cordros Capital Limited and C&I Leasing Plc.

SULAIMAN KOGUNA
NON-EXECUTIVE DIRECTOR

Koguna, Lawan Sulaiman 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). He is the Executive Director, Marketing, Koguna Babura Insurance Brokers Limited. He is also Founder/Director e-Insurance Solutions Centre Limited, e-Training Institute and e-Island Solutions Limited.

Date of first appointment June 26, 2014

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of Red Star Express Plc will be held virtually on Thursday 14th September 2023, at 11.00am , to transact the following business:

ORDINARY BUSINESS:

1. To lay before members of the Company, the Audited Financial Statements for the year ended March 31, 2023, together with the Report of the Directors, Auditors and Statutory Audit Committee thereon;

2. To declare a Dividend;

3. To re-elect the following Director retiring by rotation:
   a. Mr. Sulaiman Koguna (Non-Executive Director)

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

5. To disclose the remuneration of the Managers of the Company;

6. To elect members of the statutory Audit committee;

SPECIAL BUSINESS:

7. To consider and if thought fit, pass the following ordinary resolution:
   "That the remuneration of the Directors for the year ending March 31, 2024 be and is hereby fixed at N8,000,000.00 (Eight Million Naira) only".

BY ORDER OF THE BOARD

FNAkpomuka

FRANCES NDIDI AKPOMUKA
Company Secretary
FRC/2013/ICSAN/00000002640
31st July 2023
Lagos, Nigeria.

1. **PROXY**

A member of the company entitled to attend and vote at the general meeting is entitled to appoint a proxy in his/her/its stead. A proxy need not be a member of the Company. Consequently, a member of the Company entitled to attend and vote may select from the under-listed proposed Proxies:

1. Mr Suleiman Barau - Chairman/Non-Executive Director
2. Mr Auwalu Babura - 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 registrars@apel.ng or deposited at the office of the Registrars, Apel Capital Registrars Limited, No. 8, Alhaji Bashorun Street, Off Norman Williams Crescent, South-West, Ikoyi, Lagos, Nigeria 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 or the Registrars website at www.registrars.apel.com.ng

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.

2. **Closure of Register**

The Register of Members and Transfer Books of the Company will be closed from Monday 21st August 2023 to Friday 25th August 2023, both dates inclusive to enable the Registrars to update the Register of Members in preparation for payment of dividend.

3. **Virtual Meeting Link**

Further to the provisions of the Business Facilitation (Miscellaneous Provisions) Act and section 240(2) of the Companies and Allied Matters Act 2020 (CAMA), as amended which enables Public Companies conduct their General Meetings electronically, this Annual General Meeting will be held virtually. The link would be sent to all shareholders via email and be available on the Company's website at www.redstarplc.com.

4. **Dividend Payment**

The Board of Directors of the Company, are recommending a dividend of 20kobo per 50kobo share, payable less Withholding Tax. If approved at the meeting, dividends will be paid electronically on the 15th of September 2023, to shareholders whose names appear on the Register of Members as of Friday 18th of August 2023, who have completed the e-dividend registration and mandated the Registrars to pay dividends directly into their designated bank accounts.

5. **E-Dividend Mandate & Shareholder Update**

Shareholders are kindly required to update their records and advise the Registrars of their updated details. Detachable E-dividend payment, Unclaimed Dividend & Shareholders Update Forms have been attached to the Annual Report for convenience and may be downloaded from E-Dividend Mandate Activation Form, as well as the Registrars website at https://registrars.apel.com.ng/?ddownload=292

All duly completed forms may also be delivered to the Registrars, Apel Capital Registrars Limited, No. 8, Alhaji Bashorun Street, Off Norman Williams Crescent, South-West, Ikoyi, Lagos, Nigeria.

6. **Unclaimed Dividends**

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

7. Statutory Audit Committee

In accordance with Section 404(6) of the Companies and Allied Matters Act 2020 ("CAMA"), any shareholder may nominate another 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.

Section 404 (5) of the Companies and Allied Matters Act 2020 provides that all the members of the Audit Committee shall be financially literate and at least one (1) member shall be a member of a professional accounting body in Nigeria established by an Act of the National Assembly. The Code of Corporate Governance issued by the Financial Reporting Council of Nigeria also provides that members of the Audit Committee should be financially literate and able to read and interpret financial statements.

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

8. Re-election of Directors

Mr. Sulaiman Koguna retire by rotation and being eligible offer himself for re-election pursuant to the relevant provisions of CAMA and Company's Articles of Association. His profile is 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 2023 Annual Reports 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 registrars@apel.ng or investorrelations@redstarplc.com

11. Live Streaming of the AGM

The Annual General Meeting would be streamed live.This will enable shareholders and other stakeholders who are unable to attend physically participate in 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.

SULEIMAN BARAU (OON)
Chairman

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

Thank you all for being present today and we welcome you to the 30th Annual General Meeting of our company, Red Star Express Plc. It is my pleasure to present to you the Annual Reports and Financial Statements for the financial year ended 31st March 2023 and a review of the Company's performance during the period.

Operating Environment

The financial year 2022/2023 presented our company with a challenging operating environment, influenced by several significant economic factors in Nigeria. These included the impact of the preparation for elections, challenges posed by Naira redesign and ensuing scarcity, and a steep increase in inflation. Notably, statistics from the Nigerian Bureau of Statistics (NBS) showed that the inflation rate surged to 21.34% in December 2022, compared to 15.63% during the same period in the previous year.

The scarcity of Premium Motor Spirit (PMS), Environmental disasters and the continued pockets of insecurity, and its effect on Automotive Gas Oil (AGO) prices led to a rise in the cost of interstate haulage, further complicating the economic landscape. The adverse effects of these moderated Nigeria's growth rate, which was 3.11% in the first quarter of 2022 and 3.52% in the fourth quarter of the same year, according to the statistics from the NBS.

The Nigerian economy also witnessed moderate real Gross Domestic Product (GDP) growth of 3.1% during the year as reported by the National Bureau of Statistics.

Financial Performance

In the year under review, our company demonstrated commendable financial performance with unprecedented total revenue of N13.87 billion, representing a remarkable increase of 10% compared to the preceding year. This growth was primarily driven by increased business activities and successful business expansion initiatives, including our collaboration with new domestic airlines and the expansion of our e-commerce logistics services. We are optimistic about the potential of exploring further avenues for growth in the new financial year.

The Company recorded a Profit Before Taxation (PBT) of N593 million, indicating a substantial improvement of 43.4% over the preceding year. Moreover, our Profit After Tax (PAT) for the year was reported at N313.9 million, surpassing the previous year's results by over 250%.

While our financial performance was robust, it is also essential to acknowledge that the basic Earnings Per Share (EPS) stood at 33 kobo per 50 kobo share, showing over 100% increase compared to the preceding year.

Dividend

The Company has always prioritized the creation of shareholder wealth and have maintained a steadfast commitment to rewarding our valued investors.

With great pleasure, the Board recommends a dividend of 20 kobo (2022: 7.5kobo). If the recommendation for the dividend is approved, the dividend will be paid electronically on the 15th of September 2023, to shareholders whose names appear on the Register of Members as of Friday 18th of August 2023.

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 2022/2023, the Red Star Foundation continued to play a vital role in driving our social initiatives. We have diligently reviewed the activities of the Foundation, seeking new opportunities to expand and reach a broader spectrum of beneficiaries.

One of the key areas of focus for the Red Star Foundation during the year was education support, where we made significant strides in empowering young minds through scholarships. As part of our commitment to education, we awarded scholarships to secondary school students in Lagos State, with beneficiaries from several schools in the Oshodi/Isolo Local Government Education Authority (LGEA). By providing educational scholarships, we aim to empower young individuals to unlock their potential and achieve their dreams.

Future Outlook

As we look ahead to the new financial year, we hold a positive outlook for our company amidst the stabilization of the Nigerian economy. We welcome the market principles being adopted by the new government. With the removal of subsidies from petroleum products, improved foreign exchange dynamics, and efforts to control inflation, we anticipate a more stable and predictable business environment that will facilitate better performance and growth opportunities.

Nevertheless, we are not oblivious to the challenges that may arise due to the opportunities presented by the ever-changing socio-economic dynamics, both domestically and globally. However, the board and management of our company remain optimistic, having strategically invested in various initiatives to strengthen our position in the market.

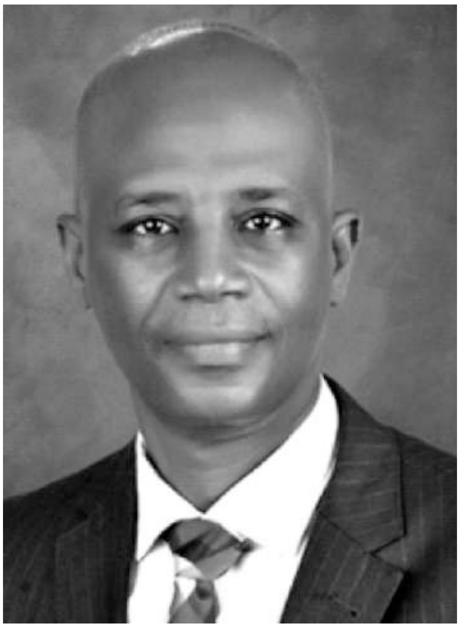
Our recent business expansion initiatives, such as the construction of a world-class warehouse facility at the Murtala Mohammed Airport in Lagos, demonstrate our commitment to enhancing our operational capabilities and meeting the evolving needs of our customers. Moreover, we have embraced technology as a driver of efficiency and competitiveness, positioning ourselves to adapt to the fast-changing business landscape.

In line with our growth strategy, we are resolute in continuously delivering strong and sustainable performance to maximize returns for our esteemed shareholders. Our businesses have been repositioned to capitalize on key opportunities, and we remain firmly committed to staying the course in executing our growth plan.

As we progress into the new financial year, we extend our heartfelt gratitude to all stakeholders for their unwavering support and trust in our company. We value the resilience and dedication of our employees, the loyalty of our customers, and the collaboration with our partners.

Thank you and best regards.

Suleiman Barau, (OON)
Chairman



AUWALU BADAMASI BABURA
Group Managing Director/CEO

The Chairman of the Board of Directors, Distinguished Shareholders, Fellow Board Members, Representatives of Regulatory Bodies, Social Stakeholders, the Media, Management & Staff of Red Star Express Plc., Ladies and Gentlemen.

I am pleased to welcome you all to the 30th Annual General Meeting of our Company, Red Star Express Plc., to present and review the reports and financial performance for the period ended 31st March 2023.

INDUSTRY REVIEW

In 2022, the Nigerian economy displayed mixed trends, with GDP growth showing resilience in the fourth quarter at 3.5% year-on-year but overall slowing for the year, averaging 3.1%. However, inflation surged, reaching 21.34% in December 2022, a notable increase of 5.72% points compared to the previous year.

Additionally, Nigeria's foreign exchange rate hit an all-time high of over N745 to $1.00USD, posing challenges for SMEs involved in importation and trading. These economic indicators call for careful management and strategic measures to address the complexities in the year ahead.

OUR FINANCIAL PERFORMANCE

The Group's financial results during the last year shows a strong commitment to returning to pre covid-19 performance levels. The group revenue grew by N1.2 billion in the year under review bringing the total revenue to N13.8 billion. This represents an increase of 10% when compared to N12.6 billion naira recorded in the preceding year.

During the period under review, the Profit Before Tax (PBT) increased to 593 million naira. This represents a growth of 43.4% when compared to 413 million naira recorded in the preceding year. Also, Profit After Taxation (PAT) stood at 313 million naira, a growth of over 250% when compared to 87 million naira recorded in 2022. Finally, the company's earnings per share for the period under review was 33 kobo compared to 9 kobo for preceding financial year. In view of the company's performance for financial year 2022/2023, the company is proposing a dividend of 20 kobo, up from 7.5 kobo that was declared in 2022.

OUR STRATEGIC FOCUS

The continuous and relentless pursuit of efficiency whilst engaging in our core business activities remains our strategic focus at this time and beyond. Red Star Express will focus on four important areas namely; Service Delivery, Brand Management, Business Expansion and Development and Leveraging on Technology.

The company has implemented a strategic approach to cost optimization, particularly in response to the volatile increase in foreign exchange rates impacting our international transactions with FedEx. We have now shifted to remitting funds in the local currency, naira. This proactive measure aims to mitigate the effects of exchange rate fluctuations, providing us with greater stability and relief from currency-related pressures. This strategic decision reflects our commitment to prudent financial management and reinforces our ability to navigate challenging economic conditions with resilience and confidence.

The company remains a customer led organization. We will continue to optimize our operations and cost management with the goal of improving our customers and consumers experience from the first and to the last mile. The coming year will also see a review and audit of our product lines with the aim of increasing profitability through aggressive marketing support and business expansion into new markets. We will also be innovation driven through the continuous scale of our investments in technology, business process re-engineering and innovative logistics solutions.

We intend to be bigger and above all better in this coming financial year!

REGULATORY COMPLIANCE

Red Star Express Plc has been consistent in compliance with all rules and laws. This is evident in the cordial and professional relationship with its various regulators such as the Corporate Affairs Commission (CAC), Courier and Logistics Regulatory Department (CLRD) of the Nigeria Postal Service (NIPOST), Nigeria Customs Service (NCS), Nigerian Exchange Group (NGX), The Securities and Exchange Commission (SEC), Financial Reporting Council of Nigeria (FRC) among others.

FUTURE PROSPECT

The company is poised to take advantage of the opportunities in the logistics and supply chain market going forward. The company will continuously pursue opportunities in Warehousing, Logistics, Digital and Mobile Commerce while deepening its brand presence and relationship with partners in the traditional courier, express and parcel segments of the industry.

AUWALU BADAMASI BABURA
Group Managing Director/CEO

RESULT AT GLANCE

	THE GROUP		THE COMPANY	
	2023	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**
TURNOVER	13,874,604	12,598,817	7,256,901	7,399,350
PROFIT BEFORE TAXATION	593,415	413,859	413,329	282,843
TAXATION	(279,515)	(326,053)	(219,073)	(159,670)
PROFIT AFTER TAXATION	313,900	87,806	194,256	123,173

1 Financial Statements

The Directors present their annual report on the affairs of Red Star Express Plc ("the Company") and its subsidiaries ("the Group"), together with the consolidated and separate financial statements and independent auditor's report for the year ended 31 March 2023.

2 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) wholly owned 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.

3 Principal Activities

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

4 Results for the year

The performance of the Group and Company during the year under review as compared with the previous year is as follows:

	Group		Company	
in thousands of naira	**2023**	**2022**	**2023**	**2022**
Revenue	13,874,604	12,598,817	7,256,901	7,399,350
Operating profit	636,606	479,600	408,071	289,900
Profit before taxation	593,415	413,859	413,329	282,843
Income tax expense	(279,515)	(326,053)	(219,073)	(159,670)
Profit for the year	313,900	87,806	194,256	123,173

5 Property, Plant and Equipment

Information relating to changes in property plant and equipment is disclosed in Note 10 to these consolidated and separate financial statements.

6 Dividend

The Directors are pleased to recommend to shareholders at the forthcoming annual general meeting the declaration of dividend payment of 20 kobo (2022: 7.5K). This dividend, if approved, is subject to deduction of appropriate withholding tax.

7 Directors

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

Names of Directors	Designation
Suleiman Barau (OON)	Chairman
Auwalu Badamasi Babura	Group Managing Director/CEO
Ejekam Charles	Executive Director, Sales and Marketing
Chioma Sideso	Independent Non-Executive Director
Sulaiman Lawan Koguna	Non-Executive Director
Peter Surulere Aletor	Non-Executive Director
Chukwuemeka Ndu	Non-Executive Director

8 Record of director's attendance

In accordance with the provisions of Section 284(2) of the Companies and Allied Matters Act, 2020, the record of the Directors' attendance at Directors' meetings during the year are hereby disclosed. The Directors have a formal schedule of meetings and met a total of five (5) times in the year under review. The table below shows the number of meetings (including Board and Board Committees) attended by each Director.

Frequency and Attendance of Board Meetings/Committee Meetings

Board Meetings Attendance

	2022				2023
Directors	**28-Apr**	**26-Jun**	**10-Aug**	**27-Oct**	**21-Feb**
Suleiman Barau (OON)	Yes	Yes	Yes	Yes	Yes
Auwalu Badamasi Babura	Yes	Yes	Yes	Yes	Yes
Ejekam Charles	Yes	Yes	Yes	Yes	Yes
Chioma Sideso	Yes	Yes	Yes	Yes	Yes
Sulaiman Lawan Koguna	Yes	Yes	Yes	Yes	Yes
Peter Surulere Aletor	Yes	Yes	Yes	Yes	Yes
Chukwuemeka Ndu	Yes	Yes	Yes	Yes	Yes

	2022					2023	
Audit Committee	**22-Apr**	**23-Apr**	**24-Jul**	**24-Oct**	**1-Jan**	**26-Jan**	**23-Mar**
Moses Ogundeji	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cyril Ugwumadu	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Kolawole Amoo	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sulaiman Koguna	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Chukwuemeka Ndu	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Peter Surulere Aletor	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Chukwuemeka Ndu	Yes	Yes	Yes	Yes	Yes	Yes	Yes

	2022		2023
Strategy & Business Development Committee Attendance	**27-Jul**	**6-Oct**	**30-Jan**
Chioma Sideso	Yes	Yes	Yes
Auwalu Babura	Yes	Yes	Yes
Charles Ejekam	Yes	Yes	Yes
Sulaiman Koguna	Yes	Yes	Yes
Peter Aletor	Yes	Yes	Yes
Chukwuemeka Ndu	Yes	Yes	Yes

	2022
Governance, Nomination and Remuneration Committee	**27-Jul**
Sulaiman Koguna	Yes
Chioma Sideso	Yes
Peter Aletor	Yes

	2022	2023	
Risk Management Attendance	**21-Oct**	**2-Feb**	
Peter Aletor	Yes	Yes	
Chioma Sideso	Yes	Yes	
Chukwuemeka Ndu	Yes	Yes	
Auwalu Babura	Yes	Yes	
Charles Ejekam	Yes	Yes	

Legend:
Yes - Present
No - Absent

9 Directors and their interests

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 section 301 and 302 of the Companies and Allied Matters Act 2020 and in compliance with the listing requirements of the Nigerian Stock Exchange are as follows:

	No of Shares held as at 31 March 2023		No of Shares held as at 31 March 2022	
	Direct	**Indirect**	**Direct**	**Indirect**
Suleiman Barau	79,656,679	Nil	79,280,390	Nil
Sulaiman Koguna	8,377,818	Nil	6,408,364	Nil
Auwalu Babura	375,764	Nil	375,764	Nil
Ejekam Charles	248,637	Nil	Nil	Nil
Peter Aletor	Nil	75,151,515	Nil	72,121,211
Chukwuemeka Ndu	Nil	96,419,958	Nil	96,419,958
Chioma Sideso	Nil	Nil	Nil	Nil

Other than as disclosed above, the Directors are not aware of any disclosable interests or transactions in the share capital of the Company or any of its subsidiaries as at 31 March 2023 or at the date of this report.

10 Director's interest in contracts

In accordance with Section 303 of the Companies and Allied Matters Act (CAMA) 2020 none of the Directors has notified the Company of any disclosable interests in contracts in which the Company was involved during either at 31 March 2023 or at the date of this report.

11 Analysis of Shareholding

According to the register of members, the spread of shareholding in the Company as at 31st March 2023 was as follows:

Share Range	No. of Shareholders	No. of Shareholders	No. of Holdings	% Shareholding
1 - 1,000	1,773	31.03%	342,343	0.04%
1,001 - 5,000	1,226	21.46%	2,853,067	0.30%
5,001 - 10,000	685	11.99%	4,530,858	0.47%
10,001 - 50,000	1,342	23.49%	29,157,630	3.05%
50,001 - 100,000	288	5.04%	18,549,271	1.94%
100,001 - 500,000	298	5.22%	57,733,564	6.05%
500,001 - 1,000,000	37	0.65%	23,545,673	2.47%
1,000,001 - 5,000,000	46	0.81%	86,518,500	9.07%
5,000,001 - 10,000,000	9	0.16%	66,978,741	7.02%
10,000,001 - 50,000,000	4	0.07%	85,726,321	8.98%
50,000,001 - 100,000,000	3	0.05%	246,076,637	25.78%
100,000,001 - 500,000,000	2	0.04%	332,410,720	34.83%
TOTAL	**5,713**	**100%**	**954,423,325**	**100%**

31 March 2022 Share Range	No. of Shareholders	No. of Shareholders	No. of Holdings	% Shareholding
1 - 1,000	1,583	28.55%	313,145	0.03%
1,001 - 5,000	1,232	22.22%	2,866,267	0.30%
5,001 - 10,000	689	12.43%	4,525,625	0.47%
10,001 - 50,000	1,356	24.46%	29,088,384	3.05%
50,001 - 100,000	280	5.05%	17,850,687	1.87%
100,001 - 500,000	297	5.36%	57,010,964	5.97%
500,001 - 1,000,000	40	0.72%	27,121,947	2.84%
1,000,001 - 5,000,000	50	0.90%	92,849,312	9.73%
5,000,001 - 10,000,000	7	0.13%	52,832,408	5.54%
10,000,001 - 50,000,000	5	0.09%	94,883,822	9.94%
50,000,001 - 100,000,000	3	0.05%	242,670,044	25.43%
100,000,001 - 500,000,000	2	0.04%	332,410,720	34.83%
TOTAL	**5,544**	**100%**	**954,423,325**	**100%**

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

NAME	2023	%	2023	%
Koguna, Mohammed Hassan	186,863,273	19.58%	186,863,273	19.58%
Koguna Babura Insurance Brokers Limited	145,547,447	15.25%	145,547,447	15.25%
Petra Properties Limited	96,419,958	10.10%	96,419,958	10.10%
Suleiman Barau	79,656,679	8.35%	79,280,390	8.31%
Apel Capital & Trust Limited (Nominees)	70,000,000	7.33%	66,969,696	7.02%

12 Donations

During the year, the Company made the following donations:

	2023
NIPOST Sports and Social Club	250,000
Special Persons Association of Nigeria	300,000
	550,000

In accordance with Section 43(2) of the Companies and Allied Matters Act, 2020 ("CAMA"), the Company did not make any donation or give gifts to any political party, political association or for any political purpose during the year (2022: Nil).

13 Corporate Social Responsibility

Our corporate social responsibility (CSR) integrates social, environmental and economic concerns into the Group's values, culture, decision making, strategy and operations in a transparent and accountable manner and thus, establishes better practices within the Group, creates wealth and improves the society at large.

14 Employment of Physically Challenged Persons

It is the Company's policy to give special consideration to disabled persons having regard to the individual applicant's aptitude and abilities. There were no physically challenged persons in the Company as at year end (2022: Nil).

15 Employment Equity, Gender Policies And Practices

Our resourcing and promotion policy ensures equity, and is free from discriminatory bias of gender, ethnic origin, age, marital status, gender, sexual orientation, disability, religion and other diversity issues. This is role-modelled throughout our end-to-end employee life cycle process.

16 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.

17 Employees' involvement and training

Red Star Express Plc is committed to providing its employees with the best opportunities for learning and development and these programs 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.

18 Events after the reporting date

As at the date these financial statements were authorised for issue, the Directors were not aware of any material adverse effects on the financial statements.

There were no events after reporting date which could have had a material effect on the state of affairs of the Group and Company as at 31 March, 2023 and on the financial results for the year ended on that date which have not been adequately provided for or recognized in these consolidated and separate financial statements.

19 Independent auditor

The previous auditors, Messrs. Ernst and Young (Chartered Accountants) who audited the prior financial statements up to 31 March 2022, resigned and KPMG Professional Services were appointed to fill the vacancy on 21 March 2023.

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Company. In accordance with Section 401(2) of the Companies and Allied Matters Act (CAMA) 2020 of Nigeria, therefore, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD

FRANCES NDIDI AKPOMUKA
Company Secretary
FRC/2013/ICSAN/00000002640
Lagos, Nigeria
27 June 2023

Governance Structure
Red Star Express Plc is committed to high standards of Corporate Governance and best practice 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 Exchange Limited 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
Board of Directors
The Board is currently constituted of Seven (7) 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 Four (4) Non - Executive Directors (which includes the Chairman), One (1) Independent Non-Executive Director and Two (2) Executive Directors. The positions of the Chairman and Group Managing Director are separate, and the other responsibilities of the Board are as contained in the duly approved Board Charter.

Board Membership

Suleiman Barau (OON)	Chairman
Auwalu Badamasi Babura	Group Managing Director/CEO
Ejekam Charles	Executive Director, Sales & Marketing
Chioma Sideso	Independent Non-Executive Director
Sulaiman Lawan Koguna	Non-Executive Director
Peter Surulere Aletor	Non-Executive Director
Chukwuemeka Ndu	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 Four (4) Board Committees namely, Governance, Nomination and Remuneration Committee, Strategy & Business Development Committee, Risk Management Committee, and the Statutory Audit Committee.

Governance, Nomination and Remuneration Committee
This committee is comprised solely of Non-Executive Directors and Independent Non-Executive Director. The Committees' terms of reference are in line with SEC Code of Corporate Governance 2011.

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

Sulaiman Lawan Koguna	Chairman/Non-Executive Director
Chioma Sideso	Independent Non-Executive Director
Peter Surulere Aletor	Non-Executive Director

Strategy and Business Development Committee
This committee is comprised of six (6) members: four (4) Non-Executive Directors and two (2) Executive Directors:-

Mrs. Chioma Sideso	Chairman/Independent Non - Executive Director
Mr. Sulaiman Koguna	Non-Executive Director
Mr. Peter Aletor	Non-Executive Director
Mr. Chukwuemeka Ndu	Non-Executive Director
Mr. Auwalu Babura	Group Managing Director/CEO
Mr. Charles Ejekam	Executive Director, Sales Marketing

Risk Management Committee
This committee is comprised of five (5) members: three (3) Non-Executive Directors and two (2) Executive Directors:-

Mr. Peter Aletor	Chairman/Non-Executive Director
Mrs. Chioma Sideso	Independent Non - Executive Director
Mr. Emeka Ndu	Non-Executive Director
Mr. Auwalu Babura	Group Managing Director/CEO
Mr. Charles Ejekam	Executive Director, Sales Marketing

Audit Committee
This committee is comprised of Five (5) members: Three (3) Shareholders' representatives and Two (2) Non-Executive Directors: -

Mr. Moses Ogundeji	Chairman/Shareholder Representative
Chief Cyril Ugwumadu	Shareholder Representative
Mr. Kolawale Amoo	Shareholder Representative
Mr. Sulaiman Koguna	Non-Executive Director
Mr. Chukwuemeka Ndu	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 Director, Sales and Marketing, Chief Operating Officers, 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.

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.

The Directors accept responsibility for the preparation of the annual consolidated and seperate financial statements that give a true and fair view in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies and Allied Matters

Act (CAMA) 2020 and the Financial Reporting Council of Nigeria Act, 2011.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act (CAMA) 2020 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.

The Directors have made an assessment of the Group and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

....
Suleiman Barau (OON)
Chairman
FRC/2015/ICENNIG/00000011559
27 June 2023

....
Auwalu Badamasi Babura
Group Managing Director/CEO
FRC/2016/ICAN/00000014402
27 June 2023

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Group Managing Director/CEO and Chief Financial Officer, hereby certify the consolidated and separate financial statements of Red Star Express Plc for the year ended 31 March 2023 as follows:

(a) That we have reviewed the audited consolidated and separate financial statements of the Group and Company for the year ended 31 March 2023.

(b) That the audited consolidated and separate financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.

(c) That the audited consolidated and separate financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Group and Company as of and for, the year ended 31 March 2023.

(d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company and its subsidiaries is made known to us by other officers of the companies, during the year ended 31 March 2023.

....	....
Auwalu Badamasi Babura	Valentine Onyibo
Group Managing Director/CEO	Chief Finance Officer (CFO)
FRC/2016/ICAN/00000014402	FRC/2013/ICAN/00000003908
27 June 2023	27 June 2023

AUDIT COMMITTEE REPORT
TO THE SHAREHOLDERS OF RED STAR EXPRESS PLC

In accordance with Section 404 (7) of the Companies and Allied Matters Act (CAMA), 2020 and Section 30.4 of the SEC Code, the members of the Statutory Audit Committee of Red Star Express Plc hereby report as follows:

"We have exercised our statutory functions under Section 404 (7) of the Companies and Allied Matters Act, 2020 and we acknowledge the cooperation of the Board, management and staff in the conduct of these responsibilities. After careful consideration of the report of the external auditors, we accepted the report that the Financial Statements give a true and fair view of the state of the Group's financial affairs as at 31st March, 2023.

We confirm that:

i. The accounting and reporting policies of the Group and Company are in accordance with legal and regulatory requirements as well as agreed ethical practices.

ii. We reviewed the scope and planning of audit requirements and found them adequate.

iii. We reviewed the findings on the management letter prepared by the external auditors and found management responses to the findings satisfactory.

iv. The accounting and internal controls system is constantly and effectively being monitored through an effective internal audit function.

v. We made recommendations to the Board on the reappointment and remuneration of the external auditors and also reviewed the provision made in the Financial Statements for the remuneration of the external auditors.

vi. We considered that the external auditors are independent and qualified to perform their duties effectively.

The Committee therefore recommends that the Audited Financial Statements for the year ended 31st March, 2023 and the External Auditors' report thereon be presented for adoption at this Annual General Meeting."

Moses Ayodele Ogundeji
FRC/2016/ICAN/00000020255
Chairman
27 June 2023

Other Members of the Audit Committee:

Moses Ayodele Ogundeji	-	Chairman/Shareholder Representative
Chief Cyril Ugwumadu	-	Shareholder Representative
Mr. Kolawale Amoo	-	Shareholder Representative
Mr. Sulaiman Koguna	-	Non-Executive Director
Mr. Chukwuemeka Ndu	-	Non-Executive Director

KPMG

KPMG Professional Services
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Red Star Express Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Red Star Express Plc ("the Company") and its subsidiaries (together, "the Group"), which comprise:

- the consolidated and separate statements of financial position as at 31 March 2023;
- the consolidated and separate statements of profit or loss and other comprehensive income;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiaries as at 31 March 2023, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 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 Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated and separate financial statements of the Group and Company as at and for the year ended 31 March 2022 were audited by another auditor who expressed an unmodified opinion on 30 June 2022.

Key Audit Matters

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

Revenue Recognition

Refer to significant accounting policies (Note 3(o)) and related disclosures (Note 5) of the consolidated and separate financial statements.

The key audit matter	How the matter was addressed in our audit
The total Group and Company revenue for the year ended 31 March 2023 amounted to N13.9 billion (2022: N12.6 billion) and N7.3 billion (2022: N7.4 billion) respectively. The Group generates revenue majorly from the following key activities - provision of courier services, freight services, logistics, mail management services, warehousing, and general haulage while the Company generates revenue mainly from courier services. In line with IFRS 15 Revenue from Contracts with Customers, the Group and Company recognise revenue when a performance obligation is satisfied by transferring control over a promised good or service. Revenue from the sale of services is recognized when the service is rendered to the customer. Revenue is a key performance indicator and therefore in internal and external stakeholders' focus. Consequently, there might be pressure to achieve forecasted results. This could lead to an increased audit risk relating to sales cut-off and revenues not being recorded in the proper accounting period. We consider revenue recognition to be a key audit matter due to the number of transactions that occur close to year-end and the potential impact of the cut-off date of these transactions on the consolidated and separate financial statements.	Our audit procedures included the following: - We evaluated the design, implementation, and operating effectiveness of identified controls around the recognition of revenue. - We reconciled sales transactions to receipts in bank statements. - We analysed significant sales contracts to verify the correct IFRS Standards accounting treatment. - We tested the timeliness of revenue recognition by comparing individual sales transactions close to the reporting date to delivery documents in order to evaluate the appropriateness of recognised revenue and its timing. - We assessed the presentation and appropriateness of related disclosures with respect to the revenue in the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate Information, Directors report, Corporate Governance Report, Audit Committee's Report, Statement of Directors' Responsibilities in Relation to the Consolidated and Separate Financial Statements, Statement of Corporate Responsibility for the Consolidated and Separate Financial Statements and Other National Disclosures which we obtained prior to the date of this auditor's report, but does not include the consolidated and separate financial statements and our auditor's report thereon. Other information also includes the Corporate profile, Profile of Board of Directors, Chairman's statement, Managing Director's review, Sustainability & CSR report and Red Star Foundation report, together the "Outstanding reports", which are expected to be made available to us after that date.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the outstanding reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of 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 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 and 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 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 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 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 and 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 to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee 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.

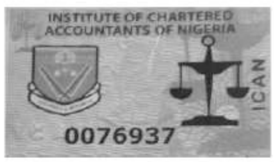
We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020.

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
iii. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



Signed:
Dunni D. Okegbemila, FCA
FRC/2012/ICAN/00000000411
For: KPMG Professional Services
Chartered Accountants
4 July 2023
Lagos, Nigeria

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

		The Group		The Company	
		2023	**2022**	**2023**	**2022**
in thousands of naira	**Notes**	**N'000**	**N'000**	**N'000**	**N'000**
Revenue	5	13,874,604	12,598,817	7,256,901	7,399,350
Cost of sales	7(a)	(10,060,567)	(9,649,969)	(5,037,709)	(5,370,027)
Gross profit		**3,814,037**	**2,948,848**	**2,219,192**	**2,029,323**
Administrative expenses	7(b)	(3,216,598)	(2,514,089)	(1,859,481)	(1,773,379)
Impairment (loss)/reversal on financial assets		(23,539)	(108,361)	15,147	(45,866)
Other operating income	8	62,706	153,202	33,213	79,822
Operating profit		**636,606**	**479,600**	**408,071**	**289,900**
Finance income	6(a)	505	5,274	13,649	4,334
Finance costs	6(b)	(43,696)	(71,015)	(8,391)	(11,391)
Net finance (costs)/income		**(43,191)**	**(65,741)**	**5,258**	**(7,057)**
Profit before taxation		**593,415**	**413,859**	**413,329**	**282,843**
Income tax expense	9(a)	(279,515)	(326,053)	(219,073)	(159,670)
Profit for the year		**313,900**	**87,806**	**194,256**	**123,173**
Other comprehensive income, net of tax					
Items that will never be reclassified to profit or loss:					
Fair value loss on Equity instruments at FVOCI	13	(830)	(633)	(830)	(633)
Re-measurement gain/(loss) on defined benefit plan	23(d)	211,321	(114,542)	211,321	(114,542)
Tax effect		(68,679)	34,363	(68,679)	34,363
Other comprehensive income/(loss), net of tax		**141,812**	**(80,812)**	**141,812**	**(80,812)**
Total comprehensive income for the year		**455,712**	**6,994**	**336,068**	**42,361**
Profit attributable to ordinary equity holders		313,900	87,806	194,256	123,173
Total comprehensive income for the year attributable to ordinary equity holders		455,712	6,994	336,068	42,361
Basic earnings per share	15	0.33	0.09	0.20	0.13

The accompanying notes form an integral part of these consolidated and separate financial statements

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

		The Group		The Company	
in thousands of naira	**Note**	**2022**	**2021**	**2022**	**2021**
Assets		**N'000**	**N'000**	**N'000**	**N'000**
Property, plant and equipment	10	3,205,931	2,848,651	1,773,235	1,260,569
Intangible assets	11	25,751	45,350	25,751	45,016
Right-of-use assets	21	123,651	185,891	105,677	109,046
Prepayments	12	155,198	235,186	3,848	3,085
Equity instrument at FVTOCI	13	866	1,696	866	1,696
Investments in subsidiaries	14	-	-	1,153,065	1,153,065
Employee benefit assets	23	246,746	16,286	246,746	16,286
Non-current assets		**3,758,143**	**3,333,060**	**3,309,188**	**2,588,763**
Inventories	16	98,029	91,707	89,795	82,755
Trade and other receivables	17	4,029,238	3,788,503	3,104,936	2,975,828
Prepayments	12	183,084	78,574	54,522	49,675
Cash and cash equivalents	18	589,144	460,343	415,391	349,539
Current assets		**4,899,495**	**4,419,127**	**3,664,644**	**3,457,797**
Total assets		**8,657,638**	**7,752,187**	**6,973,832**	**6,046,560**
Equity					
Share capital	19	477,211	477,211	477,211	477,211
Share premium	19	1,515,600	1,515,600	1,515,600	1,515,600
Fair Value Reserve	19	331	1,161	331	1,161
Retained earnings		2,584,613	2,199,653	1,738,085	1,472,769
Total equity		**4,577,755**	**4,193,625**	**3,731,227**	**3,466,741**
Liabilities					
Lease liabilities	20	55,141	68,472	55,141	47,544
Deferred tax liabilities	9(d)	278,754	139,419	203,377	35,020
Loans and Borrowings	22	183,183	274,774	-	-
Non-current liabilities		**517,078**	**482,665**	**258,518**	**82,564**
Trade and other payables	24	3,192,737	2,722,303	2,777,022	2,312,464
Lease liabilities	20	27,384	21,495	27,384	21,495
Current tax liabilities	9(c)	204,262	227,526	119,396	163,296
Loans and Borrowings	22	138,422	104,573	60,285	-
Current liabilities		**3,562,805**	**3,075,897**	**2,984,087**	**2,497,255**
Total liabilities		**4,079,883**	**3,558,562**	**3,242,605**	**2,579,819**
Total equity and liabilities		**8,657,638**	**7,752,187**	**6,973,832**	**6,046,560**

These financial statements were approved by the Board of Directors on 27 June 2023 and are signed on its behalf by:

Suleiman Barau	**Auwalu Badamasi Babura**	**Valentine Onyibo**
Chairman	Managing Director/CEO	Chief Finance Officer (CFO)
FRC/2015/ICENNIG/00000011559	FRC/2016/ICAN/00000014402	FRC/2013/ICAN/00000003908

The accompanying notes form an integral part of these consolidated and separate financial statements.

The Group

in thousands of naira	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Fair Value Reserve N'000	Total N'000
Balance at 1 April 2021	**463,176**	**1,437,001**	**2,330,978**	**1,794**	**4,232,949**
Profit for the year	-	-	87,806	-	87,806
Other comprehensive income	-	-	(80,179)	(633)	(80,812)
Total comprehensive income	**-**	**-**	**7,627**	**(633)**	**6,994**
Transactions with owners of the company					
Bonus Issue	14,035	78,599	(92,634)	-	-
Dividend Declared	-	-	(46,318)	-	(46,318)
Total transactions with the owners of the Company	**14,035**	**78,599**	**(138,952)**	**-**	**(46,318)**
Balance at 31 March 2022	**477,211**	**1,515,600**	**2,199,653**	**1,161**	**4,193,625**

in thousands of naira	Note	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Fair Value Reserve N'000	Total N'000
Balance at 1 April 2022		**477,211**	**1,515,600**	**2,199,653**	**1,161**	**4,193,625**
Profit for the year		-	-	313,900	-	313,900
Other comprehensive income		-	-	142,642	(830)	141,812
Total comprehensive income		**-**	**-**	**456,542**	**(830)**	**455,712**
Transactions with owners of the company						
Dividend Declared	24(c)	-	-	(71,582)	-	(71,582)
Total transactions with the owners of the Company		**-**	**-**	**(71,582)**	**-**	**(71,582)**
Balance at 31 March 2023		**477,211**	**1,515,600**	**2,584,613**	**331**	**4,577,755**

The Company

in thousands of naira	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Fair Value Reserve N'000	Total N'000
Balance at 1 April 2021	**463,176**	**1,437,001**	**1,568,728**	**1,794**	**3,470,699**
Profit for the year	-	-	123,173	-	123,173
Other comprehensive income	-	-	(80,180)	(633)	(80,813)
Total comprehensive income	**-**	**-**	**42,993**	**(633)**	**42,360**
Transactions with owners of the company					
Bonus Issue	14,035	78,599	(92,634)	-	-
Dividend Declared	-	-	(46,318)	-	(46,318)
Total transactions with the owners of the Company	**14,035**	**78,599**	**(138,952)**	**-**	**(46,318)**
Balance at 31 March 2022	**477,211**	**1,515,600**	**1,472,769**	**1,161**	**3,466,741**

in thousands of naira	Note	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Fair Value Reserve N'000	Total N'000
Balance at 1 April 2022		**477,211**	**1,515,600**	**1,472,769**	**1,161**	**3,466,741**
Profit for the year		-	-	194,256	-	194,256
Other comprehensive income		-	-	142,642	(830)	141,812
Total comprehensive income		**477,211**	**1,515,600**	**1,809,667**	**331**	**3,802,809**
Transactions with owners of the company						
Dividend Declared	24(c)	-	-	(71,582)	-	(71,582)
Total transactions with the owners of the Company		**-**	**-**	**(71,582)**	**-**	**(71,582)**
Balance at 31 March 2023		**477,211**	**1,515,600**	**1,738,085**	**331**	**3,731,227**

The accompanying notes form an integral part of these consolidated and separate financial statements

		The Group		The Company	
in thousands of naira Note	**Note**	**2023**	**2022**	**2023**	**2022**
Cash flow from operating activities		**N'000**	**N'000**	**N'000**	**N'000**
Profit before taxation		593,415	413,860	413,329	282,843
Adjustment to reconcile net income to net cash provided by operating activities:					
Depreciation of property, plant and equipment	10	503,216	453,868	222,340	163,796
Depreciation of ROU assets	21	128,215	153,294	69,344	64,187
Amortisation of intangible assets	11	27,536	35,569	27,202	34,769
Prepayments utilized	12	159,457	393,734	81,034	176,866
Profit on disposal of fixed assets	8	(17,735)	(8,782)	(5,793)	(4,668)
Finance costs	6(b)	43,696	71,015	8,391	11,391
Finance income	6(a)	(505)	(5,274)	(13,649)	(4,334)
Expected Credit loss/(reversal) on financial assets	27(b)	23,539	108,361	(15,147)	45,866
Dividend income	8	-	-	(18,045)	(25,449)
Service cost	23	82,932	98,436	82,932	98,436
Net interest(income)/expense	23	20,724	(39,916)	20,724	(39,916)
Lease modification	8	(8,516)	(21,916)	(8,516)	(21,916)
Changes in assets and liabilities:					
Increase in inventories	16	(6,322)	(25,166)	(7,040)	(29,204)
Increase in trade and other receivables	17	(455,648)	(848,300)	(248,079)	(809,986)
Increase in trade and other payables	24	441,748	475,466	464,558	405,874
		1,535,752	**1,254,249**	**1,073,585**	**348,555**
Tax paid	9(c)	(40,750)	(107,225)	(15,898)	(7,503)
Cash flow from prepayments	12	(183,979)	(428,635)	(86,644)	(120,236)
Employee benefits paid		(122,769)	(24,610)	(122,769)	(24,610)
Net Cash generated from operating activities		**1,188,254**	**693,779**	**848,274**	**196,206**
Cash flows from investing activities					
Purchase of property, plant and equipment	10	(1,110,038)	(756,308)	(735,006)	(395,700)
Prepaid lease payment	21	(52,364)	(56,424)	(52,364)	(46,577)
Purchase of intangible assets	11	(7,937)	(35,685)	(7,937)	(35,685)
Proceeds from sale of property, plant and equipment	10	267,278	13,025	5,916	6,567
Interest received	6(a)	505	5,274	368	4,334
Dividend received	8	-	-	18,045	25,449
		-	-	-	-
Net cash used in investing activities		(902,556)	(830,118)	(770,978)	(441,612)
Cash flow from financing activities					
Dividend paid	24(c)	(71,582)	(128,734)	(71,582)	(128,734)
Proceeds from borrowing	22	100,000	-	100,000	-
Payment of principal - borrowings	22	(98,626)	(105,031)	(39,715)	-
Payment of interest - borrowings	22	(65,735)	(7,314)	-	-
Payment of interest - lease obligation	20	-	(17,266)	-	-
Payment of principal - lease obligation	20	(20,928)	(99,938)	-	-
Net cash used in financing activities		**(156,871)**	**(358,283)**	**(11,297)**	**(128,734)**
Net increase/(decrease) in cash and cash equivalents		**128,828**	**(494,623)**	**65,999**	**(374,140)**
Net foreign exchange difference		-	219	-	66
Cash and cash equivalents at the beginning of the year		461,339	955,743	350,212	724,287
Cash and cash equivalents at the end of the year	18	590,167	461,339	416,212	350,212

The accompanying notes form an integral part of these consolidated and separate financial statements.

1 Reporting entity

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 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 Basis of preparation

(a) Statement of compliance

The separate and consolidated financial statements have been prepared in accordance with IFRS Standards issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act (CAMA) 2020, and the Financial Reporting Council of Nigeria Act 2011. The financial statements of the Group and Company were authorised for issue by the Board of Directors on 27 June 2023. These financial statements cover the financial year from 1 April 2022 to 31 March 2023.

(b) Basis of measurement

The consolidated and separate financial statements have been prepared in accordance with the going concern assumption under the historical cost concept except for the following items, which are measured on an alternative basis on each reporting date:

- equity investments – measured at fair value
- long term employee benefit obligation (gratuity) - Fair value of plan assets less the present value of the defined benefit obligation
- lease liabilities- measured at present value of future lease payments

(c) Functional and presentation currency

These financial statements are presented in Naira, which is the Group and Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

(d) Use of judgment and estimates

In preparing these consolidated and separate financial statements, management has made judgments, estimates and assumptions that affect the application of the Group and Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 20 - Leases: whether or not arrangement contains a lease and whether the Group is reasonably certain to exercise extension options.

Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties that have a significant impact on the reported amounts, and have a risk of resulting in a material adjustment in the financial statements is included in the following notes:

Note 29 – Recognition and measurement of provisions, contingent liabilities and commitments: judgments about the likelihood and magnitude of an outflow of resources.

Note 27 - Measurement of expected credit loss (ECL) allowance for trade receivables and contract assets: key assumption on determining the weighted average loss rate.

(e) Measurement of fair values
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.

A number of the Group and Company's accounting policies and disclosures require the determination of fair values, for both financial and non- financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

When measuring the fair value of an asset or a liability, the Group uses observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In some cases, if the inputs used to measure the fair value of an asset or a liability are categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group and Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 27 – financial instruments - financial risk management and fair values

3 Significant accounting policies
The Group and Company have consistently applied the following significant accounting policies to all periods presented in these consolidated and separate financial statements.

Certain comparative amounts in the statement of profit or loss and OCI have been re-presented as a result of a change in the classification of exchange loss during the year (see Note 6(b)).

a) Basis of consolidation

(i) Business combination

The Group and Company account for business combinations using the acquisition method when control is transferred to the Group and Company. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. The excess of the purchase consideration over the fair value of identifiable net asset is recognised as goodwill on acquisition. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are modified where necessary to align them with the policies adopted by the Company.

(iii) Loss of control

When the Company loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) Leases

At inception of a contract, the Group and Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group and Company use the definition of a lease in IFRS 16.

i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group and Company allocate the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group and Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group and Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group and Company by the end of the lease term or the cost of the right-of-use asset reflects that the Group and Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group and Company's incremental borrowing rate. Generally, the Group and Company use its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group and Company are reasonably certain to exercise, lease payments in an optional renewal period if the Group and Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group and Company is reasonably certain it will exercise the option to terminate the lease early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group or Company's estimate of the amount expected to be payable under a residual value guarantee, if the Group or Company change its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group and Company present right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets
The Group and Company have elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group and Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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:

- 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.

c) Foreign currency
Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates as of the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

d) Financial instruments

i Recognition and initial measurement
Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group and Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii Classification and measurement
On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Group and Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Group and Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group and Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group and Company's continuing recognition of the assets.

Financial assets – Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group and Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group and Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition and offsetting

Financial Assets

The Group and Company derecognises a financial asset when the contractual rights to the cash flows from then financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group and Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 360 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

e) Capital and other reserves

i. Share capital

The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded as share premium. All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

ii. Retained earnings

Retained earnings represents the Group's and Company's accumulated earnings since its inception, less any distributions to shareholders, and net of any prior period adjustments. A negative amount of retained earnings is reported as deficit or accumulated deficit.

iii. Capital contribution

Retained earnings represents the Group's and Company's accumulated earnings since its inception, less any distributions to shareholders, and net of any prior period adjustments. A negative amount of retained earnings is reported as deficit or accumulated deficit.

iv. Other reserves

Other reserves comprise of actuarial gains and losses on defined benefit plan scheme and revaluation gains on investment properties on initial adoption of IFRS.

v. Share issue costs

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

vi. 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.

vii. 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.

f) Property, plant and equipment

i. Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset 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.

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of self-constructed asset includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use including, where applicable, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from the disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in the profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iii. Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group and Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

The estimated useful life for the current and comparative periods are as follows:

- Freehold land	Indefinite
- Leasehold land	Over the lease period
- Buildings	40 years
- Improvement on building	Remaining depreciable life
- Plant and machinery	3 - 12 years
- Motor vehicles	3 - 10 years
- Motor cycles	4 - 5 years
- Furniture, fittings and equipment	5 - 10 years
- Computer equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

g) Intangible assets

Intangible assets that are acquired by the Group and Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

The Group and Company's intangible assets with finite useful life comprises computer software. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific intangible asset to which it relates.

Amortisation is calculated over the cost of the asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The estimated useful life of computer software for current and comparative periods is three (3) years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss.

h) Impairment

i. Non-derivative financial assets

The Group and Company recognise an allowance for impairment on financial assets held at amortised cost, and also contract assets on an expected credit loss basis. Increases and decreases in the impairment allowance are recognised in profit or loss. The expected credit losses are the difference between the contractual cash flows (or transaction price) 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

ii. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGUs is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGUs. An impairment loss is recognised if the carrying amount of an asset or CGUs exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

I) Provisions and contingent liabilities

Provisions

A provision is recognised if, as a result of a past event, when the Group and Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for restructuring is recognised when the Group and Company have approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and Company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

j) Prepayments and advances

Prepayments and advances are non-financial assets which result when payments are made in advance of the receipt of goods or services. They are recognised when the Group and Company expect to receive future economic benefits equivalent to the value of the prepayment. The receipt or consumption of the services results in a reduction in the prepayment and a corresponding increase in expenses or assets for that reporting period.

k) Employee benefits

I. Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group and Company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Defined contribution plan

A defined contribution plan is a post-employment benefit plan (pension fund) under which the Group and Company pay fixed contributions into a separate entity. The Group and Company have 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.

In line with the provisions of the Pension Reform Act 2014, the Group and Company has instituted a defined contribution pension scheme for its permanent staff. Staff contributions to the scheme are funded through payroll deductions while the Group and Company's contribution are recognised in profit or loss as employee benefit expense in the periods during which services are rendered by employees. Employees contribute 8% of their basic salary, housing and transport allowances and the Group and Company contributes 10% of each employee's basic salary, housing and transport allowances to the scheme.

In line with the provisions of the Pension Reform Act 2014, the Group and Company has instituted a defined contribution pension scheme for its permanent staff. Staff contributions to the scheme are funded through payroll deductions while the Group and Company's contribution are recognised in profit or loss as employee benefit expense in the periods during which services are rendered by employees. Employees contribute 8% of their basic salary, housing and transport allowances and the Group and Company contributes 10% of each employee's basic salary, housing and transport allowances to the scheme.

iii 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.

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. Remeasurements, 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.

l) Income and deferred tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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 tax

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.

Tax exposures

In determining the amount of current and deferred tax, the Group and Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination.

Minimum tax

The Group and Company is subject to the Finance Act of 2020 which amended the Company Income Tax Act (CITA). Total amount of tax payable under the Finance Act is determined based on the higher of two components; Company Income Tax (based on taxable income (or loss) for the year; and Minimum tax (determined based on 0.25% (2022:0.25%) of qualifying Company's turnover less franked investment income). Taxes based on taxable profit for the period are treated as income tax in line with IAS 12 and therefore, are not presented as part of income tax in line with IAS 12; whereas Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, not presented as part of income tax expense in the profit or loss. The liability is recognised under current tax liability in the statement of financial position. Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

m) Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes, and other non-cash items have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Interest paid is also included in financing activities while finance income is included in investing activities.

n) Related parties

Related parties include the subsidiaries, the Company's shareholders, directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Group and Company. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Related parties transactions of similar nature are disclosed in aggregate except where separate disclosure is necessary for understanding of the effects of the related party transactions on the financial statements of the Company.

o) 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.

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.

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 service represents 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.

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.

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 is no variable consideration in its contracts with customers.

Perfomance Obliagation
Information about the Group and Company performance obligations on the Group's revenue streams are summarised below:

Courier services
Performance obligation relating to the promises in the contracts are assessed as services that would be satisfied at a point in 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 services that would be satisfied at a point in 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 services that would be satisfied at a point in 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 services that would be satisfied at a point in 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 services that would be satisfied at a point in time and payment is generally due within 30 to 90 days from delivery.

p) 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.

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 occasions 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.

q) 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.

r) 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.

s) 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.

t) Expenses

Expenses encompass losses as well as those expenses that arise in the course of the ordinary activities of the entities within the Group. This usually takes the form of an outflow or depletion of assets.

Losses represent other items that meet the definition of expenses and may or may not, arise in the course of the ordinary activities of the Group. Losses represent decreases in economic benefits and as such they are no different in nature from other expenses.

4 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 Company's financial statements are disclosed below. The company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- *Classification of liabilities as current or non-current (Amendments to IAS 1)*
- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)*
- *Non-current Liabilities with Covenants (Amendments to IAS 1)*

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. In additiona company will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. Such right may be subject to a company complying with conditions (covenants) specified in a loan arrangement.

The amendments also clarify how a company classifies a liability that includes a counterparty conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 Financial Instruments: Presentation. The standard is effective for annual periods beginning on or after 1 January 2023.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

Amendments to IFRS 16 Leases requires a seller-lessee impacts how a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendment also requires the seller-lessee to include variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.

The amendments confirm the following.

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

Under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered intosince implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments.

Non-current Liabilities with Covenants (Amendments to IAS 1)
Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. In additiona company will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. Such right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 Financial Instruments: Presentation.

The standard is effective for annual periods beginning on or after 1 January 2023.

5 Revenue

Revenue streams

The Group generates revenue from provision of courier services, mail management services, freight services, logistics, ware housing and general haulage.

	Group		Company	
in thousands of naira	**2023**	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**
Revenue from contract with customers	13,874,604	12,598,817	7,256,901	7,399,350
Total Revenue	**13,874,604**	**12,598,817**	**7,256,901**	**7,399,350**

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is analysed by nature and timing of revenue recognition as follows:

Nature of revenue				
Courier	7,256,901	7,399,349	7,256,901	7,399,350
Logistics	2,467,579	1,832,418	-	-
Freight	2,352,225	1,710,961	-	-
Support services	1,797,899	1,656,089	-	-
Revenue from contracts with customers	**13,874,604**	**12,598,817**	**7,256,901**	**7,399,350**

- Revenue from courier relates to the delivery of documents and parcels both locally and internationally, it includes the mail management services.
- Logistics relates to services involving warehousing and chain distribution services.
- Freight services is involved in clearing and forwarding of goods (importation and export services).
- Support services relates to mail room management and other delivery services.

Disaggregated revenue information

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

		2023		
in thousands of naira	**Services**	**Logistics**	**Freight**	**Total**
Courier	7,256,901	1,394,568	-	8,651,469
Mail management services	1,061,143	-	-	1,061,143
Freight	-	-	2,352,225	2,352,225
Logistics	-	1,073,011	-	1,073,011
Support services	736,756	-	-	736,756
Total revenue from contracts with customers	**9,054,800**	**2,467,579**	**2,352,225**	**13,874,604**

		2022		
in thousands of naira	**Services**	**Logistics**	**Freight**	**Total**
Courier	7,399,349	810,152	-	8,209,501
Mail management services	917,845	-	-	917,845
Freight	-	-	1,710,961	1,710,961
Logistics	-	1,022,266	-	1,022,266
Support services	738,244	-	-	738,244
Total revenue from contracts with customers	**9,055,438**	**1,832,418**	**1,710,961**	**12,598,817**

6 Finance income and finance costs

(a) Finance income comprises the following

in thousands of naira	Group		Company	
Interest on bank deposits	505	5,274	368	4,334
Net exchange gain	-	-	13,281	-
	505	**5,274**	**13,649**	**4,334**

(b) Finance costs comprise the following:

	Group		Company	
in thousands of naira	2023 N'000	2022 N'000	2023 N'000	2022 N'000
Interest on bank loans	6,619	7,314	-	-
Interest on lease liabilities	8,391	49,332	8,391	7,314
Net exchange loss	28,686	14,369	-	4,077
	43,696	**71,015**	**8,391**	**11,391**

The comparative consolidated and separate statement of profit or loss and OCI has been re-presented to show the net exchange loss in finance costs. The exchange loss was not previously classified as finance costs.

7 Expense by function and nature

(a) Cost of sales

	Group 2023	Group 2022	Company 2023	Company 2022
International delivery costs	2,446,946	2,232,400	2,009,021	1,963,922
Staff cost	1,145,542	1,518,521	529,258	503,464
Vehicle running costs	2,062,504	1,409,554	546,346	427,363
Clearing and documentation charges	1,563,958	1,274,267	297,694	367,592
Domestic freight and Local deliveries	804,092	1,048,538	553,475	897,218
Direct Operational Costs	345,341	476,634	215,342	291,604
Depreciation-properties, plant and equipment	352,065	264,737	155,637	114,657
Medical-direct staff	210,644	210,599	88,206	78,119
Agent costs	287,197	284,731	266,454	264,646
Projects and Consolidation expenses	256,779	277,637	-	-
Local transport	157,461	235,860	104,552	236,212
Depreciation-right of use asset	128,215	153,294	69,344	64,187
Pension	117,801	135,582	63,313	59,540
Retirement benefit	103,656	58,520	103,656	58,520
Rents and rates of outlets	78,366	69,095	35,411	42,983
	10,060,567	**9,649,969**	**5,037,709**	**5,370,027**

(b) Administrative expenses

	Group 2023	Group 2022	Company 2023	Company 2022
Repairs and maintenance	329,885	335,003	157,173	216,200
Power and water	320,757	256,130	240,858	208,098
Printing and stationery	157,600	177,957	131,757	153,704
Staff cost	1,206,974	650,795	547,993	552,688
Insurance and licensing	111,530	124,300	53,974	47,495
Communication and telephone	89,569	121,521	57,396	87,919
Subscriptions and donations	127,614	93,217	98,474	72,209
Hotel accommodation and entertainment	97,283	72,563	66,208	54,221
Transportation and travelling costs	77,045	71,901	63,504	55,550
Legal and professional charges*	89,359	78,415	77,268	57,364
Security expenses	53,881	53,712	22,156	26,378
Training	61,018	53,399	47,333	47,605
Publicity and promotion	53,925	43,343	42,372	33,058
Amortisation of intangible assets	27,536	35,569	27,202	34,769
Bank charges	37,825	35,783	22,954	23,660
Auditor's remuneration (Note 7(c))	21,200	15,217	16,000	11,917
Annual general meeting expenses	13,874	11,734	10,374	4,424
Newspaper and periodicals	2,764	2,200	2,017	1,561
Bad debt	95,532	1,941	69,964	1,940
Depreciation	151,151	189,131	66,702	49,139
Medical	90,276	90,257	37,802	33,480
	3,216,598	**2,514,089**	**1,859,481**	**1,773,379**

in thousands of naira	Group 2023 N'000	Group 2022 N'000	Company 2023 N'000	Company 2022 N'000
(c) Auditors' remuneration is detailed in the table below				
Audit fees	21,200	15,217	16,000	11,917
	21,200	**15,217**	**16,000**	**11,917**

* KPMG Professional Services did not provide non-audit services to the Group and Company during the year.

8 Other operating income

	Group 2023 N'000	Group 2022 N'000	Company 2023 N'000	Company 2022 N'000
Dividend from subsidiaries	-	-	18,045	25,449
Sundry income*	36,455	122,504	859	27,789
Lease Modification	8,516	21,916	8,516	21,916
Profit on disposal of property, plant and equipment	17,735	8,782	5,793	4,668
	62,706	**153,202**	**33,213**	**79,822**

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

9 Taxation

(a) Income tax expense

The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

	Group 2023 N'000	Group 2022 N'000	Company 2023 N'000	Company 2022 N'000
Current tax expense				
Income tax	167,911	138,397	102,492	84,663
Tertiary education tax	27,062	29,215	16,883	15,884
Back duty charge*	13,401	134,413	-	11,109
Nigerian Police trust fund levy	29	16	21	14
Capital gains tax	457	411	-	-
	208,860	**302,452**	**119,396**	**111,670**
Deferred tax charge				
Origination and reversal of temporary differences	70,655	23,601	99,677	48,000
	279,515	**326,053**	**219,073**	**159,670**

*During the year, a back duty assessment was carried out by FIRS on Red star Freight and Red Star Services from 2014 to 2019 tax assessment years, this has resulted in an additional tax assessment of N6.8m and N6.6m respectively.

(b) Reconciliation of effective tax rate

	%	2023	%	2022	%	2023	%	2022
Profit before income tax		593,415		413,860		413,329		282,843
Nigeria's statutory income tax rate of 30%	30	178,025	30	124,158	30	123,996	30	84,853
Education tax @ 2.5%	2.5	14,835	7	29,215	2.5	10,333	6	15,884
Non-deductible expenses	2	10,661	11	44,257	5	19,065	20	57,006
Impact of tax exempt income	(2)	(12,613)	(4)	(14,824)	(2)	(9,062)	(5)	(14,824)
Changes in estimate relating to prior years	13	74,720	-	-	18	74,720	-	-
Back duty charge	2	13,401	32	134,413	-	-	4	11,109
Capital gain tax	0.1	457	0.1	411	-	-	-	-
Balancing charge on PPE disposal	-	-	2	8,415	-	-	2	5,634
Nigerian Police Trust Fund Levy	-	29	-	8	-	21	-	8
	47	**279,515**	**79**	**326,053**	**53**	**219,073**	**56**	**159,670**

in thousands of naira	Group 2023 N'000	Group 2022 N'000	Company 2023 N'000	Company 2022 N'000
(c) Movement in current tax liability				
At 1 April	227,526	176,232	163,296	93,295
Current tax provision	195,459	168,039	119,396	100,561
Back duty charge	13,401	134,413	-	11,109
Payment during the year	(40,750)	(107,225)	(15,898)	(7,503)
Withholding tax credit utilized	(191,374)	(143,933)	(147,398)	(34,166)
Current tax liabilities, net	**204,262**	**227,526**	**119,396**	**163,296**
(d) Deferred taxation				
At 1 April	139,419	150,181	35,020	21,383
Deferred tax charge for the year	70,655	23,601	99,677	48,000
Tax expense/(income) during the period recognized in OCI	68,680	(34,363)	68,680	(34,363)
At 31 March	**278,754**	**139,419**	**203,377**	**35,020**

(e) Movement in deferred income tax asset during the year:
Group

in thousands of naira	Deferred tax assets /(liabilities) at 31 March 2022	Deferred tax assets /(liabilities) at 1 April 2022	Recognised in profit or loss	Recognised in OC I	Deferred tax assets /(liabilities) at 31 March 2023
Property, plant and equipment	(303,093)	(303,093)	(9,603)	-	(312,696)
Right of use assets and lease liabilities	(19,951)	(19,951)	5,487	-	(14,464)
Impairment of financial assets	25,606	25,606	(4,923)	-	20,683
Retirement benefit obligations	181,710	181,710	(84,026)	(68,680)	29,004
Foreign exchange	(23,691)	(23,691)	22,410	-	(1,281)
	(139,419)	**(139,419)**	**(70,655)**	**(68,680)**	**(278,754)**

Company

in thousands of naira	Deferred tax assets /(liabilities) at 31 March 2022	Deferred tax assets /(liabilities) at 1 April 2022	Recognised in profit or loss	Recognised in OC I	Deferred tax assets /(liabilities) at 31 March 2023
Property, plant and equipment	(211,043)	(211,043)	(23,289)	-	(234,332)
Right of use assets and lease liabilities	(19,951)	(19,951)	5,487	-	(14,464)
Impairment of financial assets	25,606	25,606	(4,923)	-	20,683
Retirement benefit obligations	181,710	181,710	(84,026)	(68,680)	29,004
Foreign exchange	(11,342)	(11,342)	7,074	-	(4,268)
	(35,020)	**(35,020)**	**(99,677)**	**(68,680)**	**(203,377)**

10. Property, plant and equipment

The Group - 31 March 2022

The movement in these accounts during the year was as follows:

in thousands of naira **Group**	Land	Building	Plant & Machinery	Motor Vehicles	Motor Cycle	Computer & Other IT Equipment	Furniture & Fittings	Capital-work-in-progress	Total
COST	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 April 2021	519,110	511,168	93,512	2,026,286	628,597	501,722	142,404	255,185	4,677,984
Additions	34,619	21,390	28,794	215,804	87,699	113,137	17,473	237,392	756,308
Disposal	-	-	(680)	(89,143)	(20,706)	(63)	-	-	(110,592)
Reclassification*	-	-	-	-	34,349	-	-	(34,349)	-
Balance at 31 March 2022	**553,729**	**532,558**	**121,626**	**2,152,947**	**729,939**	**614,796**	**159,877**	**458,228**	**5,323,700**
At 1 April 2022	553,729	532,558	121,626	2,152,947	729,939	614,796	159,877	458,228	5,323,700
Additions	400	4,108	39,324	485,389	8,560	70,111	18,164	483,982	1,110,038
Disposal	-	-	-	(283,994)	(3,629)	-	-	(32,747)	(320,370)
Balance at 31 March 2023	**554,129**	**536,666**	**160,950**	**2,354,342**	**734,870**	**684,907**	**178,041**	**909,463**	**6,113,368**
Depreciation									
At 1 April 2021	-	149,457	82,419	873,743	537,022	386,120	98,768	-	2,127,529
Charge for the year	-	14,227	47,119	222,750	80,705	72,556	16,511	-	453,868
Disposal	-	-	(614)	(84,965)	(20,706)	(63)	-	-	(106,348)
Balance at 31 March 2022	**-**	**163,684**	**128,924**	**1,011,528**	**597,021**	**458,613**	**115,279**	**-**	**2,475,049**
At 1 April 2022	-	163,684	128,924	1,011,528	597,021	458,613	115,279	-	2,475,049
Charge for the year	-	15,609	8,375	280,790	95,484	86,524	16,434	-	503,216
Disposal	-	-	-	(67,199)	(3,629)	-	-	-	(70,828)
Balance at 31 March 2023	**-**	**179,293**	**137,299**	**1,225,119**	**688,876**	**545,137**	**131,713**	**-**	**2,907,437**
Carrying amount									
At 31 March 2022	**553,729**	**368,874**	**(7,298)**	**1,141,419**	**132,918**	**156,183**	**44,598**	**458,228**	**2,848,651**
At 31 March 2023	**554,129**	**357,373**	**23,651**	**1,129,223**	**45,994**	**139,770**	**46,328**	**909,463**	**3,205,931**

(b) There are no other contractual commitments in the acquisition of property, plant and equipment and no limitations in its realisability.

(c) Included in assets under construction is an amount of N5.8 million (2022: Nil) that represents borrowing costs capitalised during the year.

(d) Motor vehicles were pledged as securities for liabilities during the year (2022: Motor vehicles were pledged as securities for liabilities).

(e) Reclassification includes motor cycles amounting to N34.3 million from capital work in progress to fixed assets account.

(f) Capital work in progress comprises amounts incurred with respect to Leasehold improvements and buildings, Plant and machinery, as well as Motor Cycles as at year end.

10. Property, plant and equipment

Company - 31 March 2022

The movement in these accounts during the year was as follows:

in thousands of naira **Group**	Land	Building	Plant & Machinery	Motor Vehicles	Motor Cycle	Computer & Other IT Equipment	Furniture & Fittings	Capital-work-in-progress	Total
COST	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
At 1 April 2021	214,344	369,199	80,408	509,488	169,586	477,977	95,698	216,136	2,132,836
Additions	7,500	2,670	27,300	98,209	27,925	107,487	6,283	118,326	395,700
Disposal	-	-	(680)	(9,894)	(956)	(63)	-	-	(11,593)
Balance at 31 March 2022	**221,844**	**371,869**	**107,028**	**597,803**	**196,555**	**585,401**	**101,981**	**334,462**	**2,516,943**
At 1 April 2022	221,844	371,869	107,028	597,803	196,555	585,401	101,981	334,462	2,516,943
Additions	-	4,109	39,324	201,442	3,560	63,939	9,451	413,181	735,006
Disposal	-	-	-	(11,147)	(3,629)	-	-	-	(14,776)
Balance at 31 March 2023	**221,844**	**375,978**	**146,352**	**788,098**	**196,486**	**649,340**	**111,432**	**747,643**	**3,237,173**
Depreciation									
At 1 April 2021	-	120,089	73,922	355,599	121,715	369,057	61,890	-	1,102,272
Charge for the year	-	10,410	4,744	47,032	20,958	68,745	11,907	-	163,796
Disposal	-	-	(614)	(8,061)	(956)	(63)	-	-	(9,694)
Balance at 31 March 2022	**-**	**130,499**	**78,052**	**394,570**	**141,717**	**437,739**	**73,797**	**-**	**1,256,374**
At 1 April 2022	-	130,499	78,052	394,570	141,717	437,739	73,797	-	1,256,374
Charge for the year	-	11,783	7,203	84,705	24,205	82,517	11,927	-	222,340
Disposal	-	-	-	(11,147)	(3,629)	-	-	-	(14,776)
Balance at 31 March 2023	**-**	**142,282**	**85,255**	**468,128**	**162,293**	**520,256**	**85,724**	**-**	**1,463,938**
Carrying amount									
At 31 March 2022	**221,844**	**241,370**	**28,976**	**203,233**	**54,838**	**147,662**	**28,184**	**334,462**	**1,260,569**
At 31 March 2023	**221,844**	**233,696**	**61,097**	**319,970**	**34,193**	**129,084**	**25,708**	**747,643**	**1,773,235**

(b) There are no other contractual commitments in the acquisition of property, plant and equipment and no limitations in its realisability.

(c) Included in assets under construction is an amount of N5.8 million (2019: Nil) that represents borrowing costs capitalised during the year.

(e) Reclassification includes motor cycles amounting to N34.3 million from capital work in progress to fixed assets account.

(f) Capital work in progress comprises amounts incurred with respect to Leasehold improvements and buildings, Plant and machinery, as well as Motor Cycles as at year end.

11 Intangible assets

in thousands of naira	Group 2023 N'000	Company 2022 N'000
Cost		
At 1 April 2021	215,653	212,753
Additions	35,685	35,685
At 31 March 2022	**251,338**	**248,438**
At 1 April 2022	251,338	248,438
Additions	7,937	7,937
At 31 March 2023	**259,275**	**256,375**
Amortization		
At 1 April 2021	170,419	168,653
Charge for the year	35,569	34,769
At 31 March 2022	205,988	203,422
At 1 April 2022	205,988	203,422
Charge for the year	27,536	27,202
At 31 March 2023	**233,524**	**230,624**
Carrying amounts		
At 31 March 2022	**45,350**	**45,016**
At 31 March 2023	**25,751**	**25,751**

12 Prepayments

in thousands of naira	Group		Company	
	2023 N'000	**2022 N'000**	**2023 N'000**	**2022 N'000**
Current portion	183,084	78,574	54,52	49,675
Non-current portion	155,198	235,186	3,848	3,085
	338,282	**313,760**	**58,370**	**52,760**

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

The movement in prepayments during the year was as follows:

in thousands of naira	Group		Company	
	2023	**2022**	**2023**	**2022**
At 1 April	313,760	278,859	52,760	109,390
Addition	183,979	428,635	86,644	120,236
Utilised during the year	(159,457)	(393,734)	(81,034)	(176,866)
At 31 March	**338,282**	**313,760**	**58,370**	**52,760**

13 Equity securities - FV through OCI

in thousands of naira	Group		Company	
	2023	2022	2023	2022
	N'000	N'000	N'000	N'000
Balance at 1 April	1,696	2,329	1,696	2,329
Fair value loss	(830)	(633)	(830)	(633)
Balance at 31 December	**866**	**1,696**	**866**	**1,696**

*This represents Red Star Express Plc investments in shares of Neimeth International Pharmaceuticals Plc. The Group and Company's exposure to market risk related to investments in quoted securities is disclosed in Note 27.

14 Investment in subsidiaries

Investment in subsidiaries measured at costs:	Company	
	2023	2022
	N'000	N'000
Investment in Red Star Freight Limited	354,000	354,000
Investment in Red Star Support Services Limited	49,065	49,065
Investment in Red Star Logistics Limited	750,000	750,000
	1,153,065	**1,153,065**

The Consolidated financial statement include:

Name	Principal activities	Country of incorporation	% of equity 2023	interest 2022
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%

15 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. in thousands of naira

	Group		Company	
	2023	2022	2023	2022
Profit attributable to ordinary equity holders	313,900	87,806	194,256	123,173
Weighted average number of ordinary shares in issue	954,423	954,423	954,423	954,423
Basic earnings per share (N)	**0.33**	**0.09**	**0.20**	**0.13**

16 Inventories

in thousands of naira	Group		Company	
	2023	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**
Stationeries and packaging materials	51,683	68,969	44,085	60,576
Fuel & Oil	41,446	17,125	40,877	16,646
Spares	4,900	5,613	4,833	5,533
	98,029	**91,707**	**89,795**	**82,755**

During 2023, N804,240 and N560,810 (2022: N1,049,243,876 and N897,924,234) were recognised by the Group and Company as an expense in cost of sales respectively. Inventories are carried at net realisable value for the Group and the Company respectively.

There were no Inventory write down during the year (2022: Nil).

Changes in inventories in statement of cash flows:

in thousands of naira	**2023**	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**
Inventories at 1 April	91,707	66,541	82,755	53,551
Inventories at 31 March	(98,029)	(91,707)	(89,795)	(82,755)
	(6,322)	**(25,166)**	**(7,040)**	**(29,204)**

17 Trade and other receivables

Trade and other receivables comprises the following:

in thousands of naira	**2023**	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**
Trade receivables	2,753,026	2,433,780	1,488,168	1,457,893
Related parties	-	52,794	969,378	964,270
Other receivables	1,417,469	1,419,259	754,912	676,482
	4,170,495	**3,905,833**	**3,212,458**	**3,098,645**
Impairment loss				
Trade receivables	(141,257)	(117,330)	(88,134)	(118,767)
Related parties	-	-	(19,388)	(4,050)
	4,029,238	**3,788,503**	**3,104,936**	**2,975,828**

Trade receivables are non-interest bearing and are generally on terms of 30 to over 360 days.
The Group and Company's exposure to credit risk and impairment loss is disclosed in Note 27.

(a) Other receivables comprise

in thousands of naira	Group		Company	
	2023	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**
Withholding tax receivables	859,263	1,074,078	313,400	447,987
Staff advances**	68,547	77,920	47,438	58,918
Sundry receivables***	48,349	65,610	48,349	65,610
Other staff and operational advances*	473,242	233,998	375,375	133,623
Expected credit losses on other receivables	(31,932)	(32,347)	(29,656)	(29,656)
	1,417,469	**1,419,259**	**754,906**	**676,482**

*These are housing advance and other advances to staff in the ordinary course of business operation, which are yet to be retired as at the end of the year.

** This relates to advance for sales car purchase to staff.
***Sundry receivables relates to receivables from stations.

Changes in trade and other receivables in statement of cash flows:

in thousands of naira	Group		Company	
	2023	**2022**	**2023**	**2022**
At 1 April	3,788,503	3,192,497	2,975,828	2,245,874
At 31 March	(4,029,238)	(3,788,503)	(3,104,936)	(2,975,828)
	(240,735)	**(596,006)**	**(129,108)**	**(729,954)**
Withholding tax credit utilized	(191,374)	(143,933)	(147,398)	(34,166)
Expected credit (loss)/reversal on financial assets	(23,539)	(108,361)	15,147	(45,866)
Exchange gain	-	-	13,281	-
	(455,648)	**(848,300)**	**(248,079)**	**(809,986)**

(b) Allowance for expected credit losses on trade receivables

in thousands of naira	Group		Company	
	2023	**2022**	**2023**	**2022**
As at 1 April	117,330	188,540	118,767	129,513
Expected credit loss	67,716	118,039	13,156	60,802
Write off	-	(178,503)	-	(60,802)
Unused amount reversed	(43,789)	(10,746)	(43,789)	(10,746)
As at 31 March	**141,257**	**117,330**	**88,134**	**118,767**

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 27.

(c) Allowance for expected credit losses on related parties
An analysis of changes in the aggregate ECL allowances. related parties is as follows:

in thousands of naira	Company	
	2023	**2022**
As at 1 April	4,050	8,306
Expected credit loss	15,338	1,134
Write-off	-	(5,390)
As at 31 March	**19,388**	**4,050**

(d) Allowance for expected credit losses on other receivable

An analysis of changes in the aggregate ECL allowances. other receivable is as follows:

in thousands of naira	Group		Company	
	2023	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**
As at 1 April	32,347	31,498	29,656	29,656
Expected credit loss	-	849	-	-
Unused amount reversed	(415)	-	-	-
As at 31 March	**31,932**	**32,347**	**29,656**	**29,656**

The Group and Company's exposure to credit risk and impairment loss related to trade and other receivables is disclosed in Note 27.

18 Cash and cash equivalents

in thousands of naira	Group		Company	
	2023	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**
Cash in hand	3,684	4,148	2,891	3,508
Cash-in-transit ***	89,778	117,618	84,989	115,337
Bank balances *	432,803	275,671	275,332	178,367
Short term deposit **	63,902	63,902	53,000	53,000
Cash and cash equivalents per the statement of cash flow	**590,167**	**461,339**	**416,212**	**350,212**
Expected credit loss provision on short term deposit	(1,023)	(996)	(821)	(673)
Cash and cash equivalents per the statement of financial position	**589,144**	**460,343**	**415,391**	**349,539**

*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 Company 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 Group and Company's exposure to credit and currency risks for cash and cash equivalents is disclosed in Note 27.

(a) Allowance for expected credit losses on short term deposit

in thousands of naira	Group		Company	
	2023	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**
As at 1 April	996	777	673	607
Expected credit loss	27	219	148	66
As at 31 March	**1,023**	**996**	**821**	**673**

19 Share capital, share premium and fair value reserve

(a) Share capital

Issued and fully paid:

in thousands of naira	Group		Company	
	2023	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**
As at 1 April	477,211	463,176	477,211	463,176
Bonus issue*	-	14,035	-	14,035
As at 31 March	**477,211**	**477,211**	**477,211**	**477,211**

At the Company's Annual General Meeting held on 11th October 2022, the shareholders of the Company passed a special resolution for the cancellation of the 45,576,675 unissued shares of the Company, in accordance with the requirements of the Companies and Allied Matters Act 2020. Pursuant to this, the Company's issued and fully paid share capital is N477,211,662.5 divided into 954,423,325 ordinary shares of 50 kobo each.

(b) Share premium

As at 1 April	1,515,600	1,437,001	1,515,600	1,437,001
Bonus issue	-	78,599	-	78,599
As at 31 March	**1,515,600**	**1,515,600**	**1,515,600**	**1,515,600**

(c) Fair Value Reserve

As at 1 April	1,161	1,794	1,161	1,794
Fair value loss on Equity instruments at FVOCI	(830)	(633)	(830)	(633)
As at 31 March	**331**	**1,161**	**331**	**1,161**

20 Lease liabilities

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

in thousands of naira	Group		Company	
	2023	**2022**	**2023**	**2022**
At 1 April	89,967	180,429	69,039	84,315
Addition	13,611	-	13,611	-
Accretion of interest*	8,391	49,332	8,391	7,314
Lease modification**	(8,516)	(22,590)	(8,516)	(22,590)
Payments of principal	(20,928)	(99,938)	-	-
Interest paid	-	(17,266)	-	-
As at 31 December	**82,525**	**89,967**	**82,525**	**69,039**
Non-current	55,141	68,472	55,141	47,544
Current	27,384	21,495	27,384	21,495
	82,525	**89,967**	**82,525**	**69,039**

*The interest is calculated using the effective interest method.

**Adjustment to lease liabilities due to the default in payment of existing leases.

21 Right of Use Assets

(a) Group as a lessee

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

in thousands of naira	Land	Office Building	Warehouse	Motor Vehicle	Total
Costs:					
At 1 April 2021	108,877	73,644	9,500	463,829	655,850
Additions	1,000	45,577	-	9,847	56,424
Lease modification*	-	(674)	-	-	(674)
At 31 March 2022	**109,877**	**118,547**	**9,500**	**473,676**	**711,600**
At 1 April 2022	109,877	118,547	9,500	473,676	711,600
Additions	-	65,975	-	-	65,975
At 31 March 2023	**109,877**	**184,522**	**9,500**	**473,676**	**777,575**
Accumulated depreciation:					
At 1 April 2021	15,803	38,888	9,500	308,224	372,415
Charge for the year	18,315	39,212	-	95,767	153,294
At 31 March 2022	**34,118**	**78,100**	**9,500**	**403,991**	**525,709**
At 1 April 2022	34,118	78,100	9,500	403,991	525,709
Charge for the year	16,878	52,467	-	58,870	128,215
At 31 March 2023	**50,996**	**130,567**	**9,500**	**462,861**	**653,924**
Carrying amounts					
At 31 March 2022	**75,759**	**40,447**	**-**	**69,685**	**185,891**
At 31 March 2023	**58,881**	**53,955**	**-**	**10,815**	**123,651**

* Lease modification resulted from default in payment of lease rentals.

(b) Company as a lessee

in thousands of naira	Land	Office Building	Total
Costs:			
At 1 April 2021	108,877	69,644	178,521
Additions	1,000	45,577	46,577
Lease modification*	-	(674)	(674)
At 31 March 2022	**109,877**	**114,547**	**224,424**
At 1 April 2022	109,877	114,547	224,424
Additions	-	65,975	65,975
At 31 March 2023	**109,877**	**180,522**	**290,399**
Accumulated depreciation:			
At 1 April 2021	15,803	35,388	51,191
Charge for the year	18,315	45,872	64,187
At 31 March 2022	**34,118**	**81,260**	**115,378**
At 1 April 2022	34,118	81,260	115,378
Charge for the year	18,097	51,247	69,344
At 31 March 2023	**52,215**	**132,507**	**184,722**
Carrying amounts			
At 31 March 2022	**75,759**	**33,287**	**109,046**
At 31 March 2023	**57,662**	**48,015**	**105,677**

* Lease modification resulted from default in payment of lease rentals.

22 Interest bearing loans and borrowings

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

in thousands of naira	Group		Company	
	2023	**2022**	**2023**	**2022**
At 1 April	379,347	484,378	-	-
Addition	100,000	-	100,000	-
Interest expense	6,619	7,314	-	-
Payment of principal	(98,626)	(105,031)	(39,715)	-
Repayment of interest during the year	(65,735)	(7,314)	-	-
	321,605	**379,347**	**60,285**	**-**
Non-current	183,183	274,774	-	-
Current	138,422	104,573	60,285	-
	321,605	**379,347**	**60,285**	**-**

On November 20, 2020 the Group entered into additional term loan agreement with Financial Derivative Company Limited of 500,000,000 to finance purchase of 15 (fifteen) operational trucks to supply 40 tons of flour each to Crown Flour Mill. The duration of the loan is for 48 months with an interest rate of 13%. The loan is secured by the Financial Derivative Company Limited ownership of the trucks.

On 18 October 2022, the Company obtained a N100 million term loan from Financial Derivative Company Limited to finance the acquisition of a property. The duration of the loan is for 12 months with an interest rate of 16.5%.

23 Post-employment benefits

(a) 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 a monthly basis over the employees' period of service.

The asset of the plan is 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	**2023**	**2022**	**Nature**
	N	**N**	
Investment Property	91,326,154	95,781,088	Buildings (Unquoted)
Investment in shares	3,957,250	3,440,060	Quoted
FGN Bonds	523,117,239	273,980,685	Quoted
Bank deposits	-	12,028,960	Quoted
Cash and bank	116,652,893	92,760,699	Unquoted
Others*	33,626,464	109,263,967	Unquoted
	768,680,000	**587,255,459**	

*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:

in thousands of naira	**Group**		**Company**	
	2023	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**
Present value of Defined benefit obligation	(521,933)	(570,969)	(521,933)	(570,969)
Fair value of plan assets	768,679	587,255	768,679	587,255
Net employee defined benefit	**246,746**	**16,286**	**246,746**	**16,286**

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

	2023	**2022**
	%	%
Discount rate	13	13
Future salary increases	4	4
Mortality rate	11.5	11.5

	Discount sensitivity		Salary sensitivity		Mortality sensitivity	
Sensitivity level	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
in thousands of naira						
2023						
Impact on defined benefit obligation	474,641	(576,121)	578,202	(472,218)	558,440	(471,527)
2022						
Impact on defined benefit obligation	129,008	(351,045)	362,857	(119,008)	259,581	(258,193)

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 both the Group and the Company's defined benefit plan in future years:

in thousands of naira	**2023**	**2022**
	N'000	**N'000**
Within the next 12 months (next annual reporting period)	124,297	116,420
Between 2 and 5 years	747,259	682,006
Between 5 and 10 years	1,900,077	1,705,547
Beyond 10 years	4,789,365	4,370,325
Total expected payments	**7,560,998**	**6,874,298**

The average duration of the defined benefit obligation at the end of the reporting period for the Group and the Company is 19.0 years (2022: 20.0 years).

(b) Movement in defined benefit obligation

	Group		Company	
	2023	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**
Balance at 1 April	(570,969)	(733,988)	(570,969)	(733,988)
Charged to profit or loss:				
Service cost	(82,932)	(98,436)	(82,932)	(98,436)
Net interest expense	(104,114)	(66,134)	(104,114)	(66,134)
	(187,046)	**(164,570)**	**(187,046)**	**(164,570)**
Remeasurement gains or losses in other comprehensive income				
Actuarial changes arising from changes in financial assumptions	112,918	26,518	112,918	26,518
Experience adjustments	-	229,906	-	229,906
	112,918	**256,424**	**112,918**	**256,424**
Benefits paid	123,164	71,165	123,164	71,165
	(733,988)	(98,436)	(66,134)	(164,570)
	123,164	**71,165**	**123,164**	**71,165**
	(521,933)	**(570,969)**	**(521,933)**	**(570,969)**

(c) Movement in fair value of plan assets

in thousands of naira	Group		Company	
	2023	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**
Balance at 1 April	587,255	898,726	587,255	898,726
Charged to profit or loss:				
Net interest expense	83,390	106,050	83,390	106,050
	83,390	**106,050**	**83,390**	**106,050**
Remeasurement gains or losses in other comprehensive income				
Experience adjustments	98,403	98,403	98,403	98,403
Benefits paid	(123,138)	(71,165)	(123,138)	(71,165)
Contribution by employer	122,769	24,610	122,769	24,610
	(369)	**(46,555)**	**(369)**	**(46,555)**
	768,679	**587,255**	**768,679**	**587,255**

(d) Net Remeasurement gains or losses in other comprehensive income

Movement in defined benefit obligation	112,918	256,424	112,918	256,424
Movement in fair value of plan assets	98,403	(370,966)	98,403	(370,966)
	211,321	**(114,542)**	**211,321**	**(114,542)**
Net movement charged to profit or loss:				
Service cost	82,932	98,436	82,932	98,436
Net interest expense	20,724	(39,916)	20,724	(39,916)
	103,656	**58,520**	**103,656**	**58,520**
Changes in employee benefits in statement of cash flows:				
At 1 April	16,286	2,314,885	16,286	164,738
At 31 March	(246,746)	(16,286)	(246,746)	(16,286)
	(230,460)	**2,298,599**	**(230,460)**	**148,452**

24 Trade and other payables

Trade creditor	1,851,801	1,086,998	1,830,166	1,074,752
Other creditors and accruals	1,340,936	1,630,479	946,856	1,232,886
Related parties payable	-	4,826	-	4,826
	3,192,737	**2,722,303**	**2,777,022**	**2,312,464**

(a) Other creditors and accruals

in thousands of naira	Group		Company	
	2023	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**
Accruals*	438,209	277,064	249,314	157,134
Agent clearing charges	262,059	665,751	262,059	661,378
Withholding taxes	62,634	85,753	56,417	80,821
Value added tax	271,783	294,804	136,629	126,895
Staff pension	60,282	72,905	28,357	2,186
Unclaimed dividend (Note 24©)	159,156	147,513	159,156	147,513
Sundry payables**	79,718	65,714	47,829	35,984
Legal and litigation expenses	7,095	20,975	7,095	20,975
	1,340,936	**1,630,479**	**946,856**	**1,232,886**

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

Changes in trade and other payables in statement of cash flows:

in thousands of naira	Group		Company	
	2023	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**
At 1 April	2,722,303	2,314,885	2,312,464	1,984,929
At 31 March	(3,192,737)	(2,722,303)	(2,777,022)	(2,312,464)
	(470,434)	**(407,418)**	**(464,558)**	**(327,535)**
Exchange loss	28,686	14,369	-	4,077
	(441,748)	**(393,049)**	**(464,558)**	**(323,458)**

(b) Staff pension

in thousands of naira	Group		Company	
	2023	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**
At 1 April	72,905	33,297	2,186	4,998
Provision for the year	209,884	243,801	75,865	74,317
	282,789	**277,098**	**78,051**	**79,315**
Payment during the year	(222,551)	(204,193)	(49,694)	(77,129)
	60,238	**72,905**	**28,357**	**2,186**

(c) Movement in unclaimed dividend

in thousands of naira	Group		Company	
	2023	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**
At 1 April	147,513	151,190	147,513	151,190
Dividend declared	71,582	138,952	71,582	138,952
Withholding tax	(7,158)	(13,895)	(7,158)	(13,895)
Unclaimed dividend returned by the Registrars	14,480	-	14,480	-
	226,417	**276,247**	**226,417**	**276,247**
Dividend paid during the year	(67,261)	(128,734)	(67,261)	(128,734)
At 31 March	**159,156**	**147,513**	**159,156**	**147,513**

25 Related parties

(a) Related party disclosure

The group holds 100% equity interest in Red Star Freight Limited, Red Star Support Services Limited and Red Star Logistics Limited. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees received for anyrelated party receivables. For the year ended 31 March 2023, the company has recorded impairment of receivables relating to amounts owed by related parties.

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.

Company	**Nature of transaction**	**Transaction value**	**Balance receivable**	**Transaction value**	**Balance receivable**
in thousands of Naira		**2023**	**2023**	**2022**	**2022**
Red Star Freight Ltd	Freight and custom clearance	198,656	47,578	270,369	246,234
Red Star Logistics Ltd	Haulage and warehousing services	232,699	895,263	269,340	662,564
Red Star Support Services Ltd	Mail management and despatch	23,859	26,537	374,073	2,678
			969,378		**911,476**
Allowance for impairment			(19,388)		(4,050)
Intercompany receivable			**949,990**		**907,426**

(b) Key management personnel compensation

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise). of that entity. The key management personnel are the Company's Directors and management staff. Key management personnel includes staff on the senior manager cadre and above. The compensation paid or payable to key management for employee services is shown below:

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
Remuneration paid to the Directors was:				
Short-term employee benefit				
Director fees and sitting allowance	22,820	18,280	22,820	18,280
Executive compensation	20,568	10,784	20,568	10,784
Other Directors benefits	39,879	37,744	39,879	37,744
Short term employee benefits	**83,267**	**66,808**	**83,267**	**66,808**

The directors' remuneration shown above includes:

in thousands of naira	**2023**	**2022**
Chairman	3,700	3,500
Highest paid director	17,080	15,563

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

	Group		Company	
	2023 Number	2022 Number	2023 Number	2022 Number
Below N1,000,000	-	-	-	-
N1,000,000 - N2,000,000	-	-	-	-
N2,000,001 - N3,000,000	-	3	-	3
N3,000,001 and above	7	5	7	5
	7	**8**	**7**	**8**

(c) Staff cost

	Group		Company	
	2023	2022	2023	2022
Employee benefit expenses	2,352,515	2,169,316	1,077,251	1,056,152
Medical	300,920	210,599	126,008	78,119
Training	61,018	53,399	47,333	47,605
	2,714,453	**2,433,314**	**1,250,592**	**1,181,876**

(d) Staff number and higher paid employees

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

	Group		Company	
	2023 Number	2022 Number	2023 Number	2022 Number
Managerial	5	5	3	3
Senior	50	52	29	21
Supervisors	120	243	103	85
Junior	1,677	1,762	161	176
	1,852	**2,062**	**296**	**285**

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

	Group		Company	
	2023 Number	2022 Number	2023 Number	2022 Number
N140,001 - N210,000	1,341	1,560	175	180
N210,001 - N360,000	473	468	86	75
N360,001 - N900,000	27	23	26	22
N900,001 - N1,700,000	9	8	7	5
N1,700,001 - N2,011,000	2	3	2	3
	1,852	**2,062**	**296**	**285**

26 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 Strategic Business Units (SBU) 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, 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.

Statement of Comprehensive Income

	Courier		Freight		Logistics		Support services		Group elimination adjustments		Group	
in thousands of Naira	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Revenue	7,256,901	7,399,350	2,352,225	1,710,960	2,467,579	1,832,418	1,797,899	1,656,089		-	13,874,604	12,598,817
Finance income	13,649	4,334	-	(2)	-	223	-	-	(13,144)	-	505	5,274
Cost of sales	(5,037,709)	(5,370,027)	(1,737,480)	(1,487,268)	(2,165,218)	(1,568,892)	(1,457,808)	(1,399,754)	337,648	175,971	(10,060,567)	(9,649,969)
Other operating income	33,213	79,822	137	1,971	29,109	97,286	13,862	133	(13,615)	(26,009)	62,706	153,202
Administrative expenses and Impairment loss reversal/expense	(1,844,334)	(1,823,323)	(501,972)	(160,448)	(254,017)	(251,336)	(307,065)	(221,550	(332,749	(180,161)	(3,240,137)	(2,636,818)
Finance costs	(8,391)	(7,314)	(6,624)	-	(41,967)	(49,109)	-	-	13,286	-	(43,696)	(56,646)
Profit before taxation	**413,329**	**282,842**	**106,286**	**65,213**	**35,486**	**60,590**	**46,888**	**34,918**	**(8,574)**	**(30,199)**	**593,415**	**413,860**
Income tax expense	(219,073)	(159,670)	(28,174)	(23,698)	(7,303)	(71,625)	(25,082)	(71,060)	117	-	(279,515)	(326,053)
Profit for the year	**194,256**	**123,172**	**78,112**	**41,515**	**28,183**	**(11,035)**	**21,806**	**(36,142)**	**(8,457)**	**(30,199)**	**313,900**	**87,806**

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

Statement of financial position

	Courier		Freight		Logistics		Support services		Group elimination adjustments		Group	
in thousands of Naira	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Total Non-current assets	3,309,188	2,588,763	55,178	181,960	1,343,490	1,333,767	138,748	149,534	(1,088,461)	(920,964	3,758,143	3,333,060
Total current assets	3,664,644	3,457,797	813,568	744,781	1,213,970	1,050,136	328,788	314,305	(1,121,475)	(1,147,892)	4,899,495	4,419,127
Total assets	**6,973,832**	**6,046,560**	**868,746**	**926,741**	**2,557,460**	**2,383,903**	**467,536**	**463,839**	**(2,209,936)**	**(2,068,856)**	**8,657,638**	**7,752,187**
Ordinary share capital	477,211	477,211	354,000	354,000	750,000	750,000	49,065	49,065	(1,153,065)	(1,153,065)	477,211	477,211
Share premium	1,515,600	1,515,600	-	-	-	-	-	-	-	-	1,515,600	1,515,600
Retained earnings	1,738,085	1,472,769	224,554	164,485	320,286	292,103	290,580	268,773	11,108	1,523	2,584,613	2,199,653
Fair value of equity instrument designated at FVOCI	(1,153,065)	331	1,161	-	-	-	-	-	-	-	331	1,161
Non-current liabilities	258,518	82,564	32,671	32,609	149,944	305,383	25,195	25,194	50,750	36,915	517,078	482,665
Current liabilities	2,984,087	2,497,255	257,521	375,647	1,337,230	1,036,417	102,696	120,807	(1,118,729)	(954,229)	3,562,805	3,075,897
Total equity and liabilities	**6,973,832**	**6,046,560**	**868,746**	**926,741**	**2,557,460**	**2,383,903**	**467,536**	**463,839**	**(2,209,936)**	**(2,068,856)**	**8,657,638**	**7,752,187**

27 Financial risk management

(a) Classification of financial instruments and fair values

The following table shows the classification, carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

GROUP	**Carrying**		**Amount Fair Value**			
31 March 2023		**Other**				
In thousands of naira	**Amortised Cost**	**financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets not measured at fair value						
Trade and other receivables	4,029,238	-	4,029,238	-	4,029,238	-
Cash and cash equivalents	589,144	-	589,144	-	589,144	-
	4,618,382	**-**	**4,618,382**	**-**	**4,618,382**	**-**
Financial liabilities not measured at fair value						
Loans and borrowings	-	321,605	321,605	-	321,605	-
Lease liabilities	-	-	-	-	-	-
Trade and other payables*	-	2,798,038	2,798,038	-	2,798,038	-
	-	**3,119,643**	**3,119,643**	**-**	**3,119,643**	**-**

Carrying Amount Fair Value						
31 March 2022		**Other**				
In thousands of naira	**Amortised Cost**	**financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**
Financial assets not measured at fair value						
Trade and other receivables	3,788,503	-	3,788,503	-	3,788,503	-
Cash and cash equivalents	460,343	-	460,343	-	460,343	-
	4,248,846	**-**	**4,248,846**	**-**	**4,248,846**	**-**
Financial liabilities not measured at fair value						
Loans and borrowings	-	379,347	379,347	-	379,347	-
Lease liabilities	-	82,525	82,525	-	82,525	-
Trade and other payables*	-	2,268,841	2,268,841	-	2,268,841	-
	-	**2,730,713**	**2,730,713**	**-**	**2,730,713**	**-**

* Excluding PAYE, VAT, Pension, advance by customers and WHT

COMPANY 31 March 2023 *In thousands of naira*	Carrying Amortised Cost	Other financial liabilities	Amount Fair Value Total	Level 1	Level 2	Level 3
Financial assets not measured at fair value						
Trade and other receivables	3,104,936	-	3,104,936	-	3,104,936	-
Cash and cash equivalents	415,391	-	415,391	-	415,391	-
	3,520,327	**-**	**3,520,327**	**-**	**3,520,327**	**-**
Financial liabilities not measured at fair value						
Loans and borrowings	-	60,285	60,285	-	60,285	-
Trade and other payables*	-	2,555,619	2,555,619	-	2,555,619	-
	-	**2,615,904**	**2,615,904**	**-**	**2,615,904**	**-**

31 March 2022 *In thousands of naira*	Carrying Amortised Cost	Other financial liabilities	Amount Fair Value Total	Level 1	Level 2	Level 3
Financial assets not measured at fair value						
Trade and other receivables	2,975,828	-	2,975,828	-	2,975,828	-
Cash and cash equivalents	349,539	-	349,539	-	349,539	-
	3,325,367	**-**	**3,325,367**	**-**	**3,325,367**	**-**
Financial liabilities not measured at fair value						
Loans and borrowings	-	-	-	-	-	-
Trade and other payables*	-	2,102,562	2,102,562	-	2,102,562	-
	-	**2,102,562**	**2,102,562**	**-**	**2,102,562**	**-**

Excluding PAYE, VAT, Pension, and WHT

GROUP AND COMPANY	Carrying Amount		Fair Value					
	2023	2022	2023			2022		
In thousands of naira			Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets								
Equity Instruments at FVOCI	866	1,696	866	-	-	1,696	-	-
	866	**1,696**	**866**	**-**	**-**	**1,696**	**-**	**-**

(I) Financial instruments in Level 1

The fair value of financial instruments traded in active markets (quoted equity) is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group and Company is the bid price at the reporting date.

These instruments are included in level 1. There were no transfers between levels during the year.

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (loans and borrowings and finance leases) is determined by using discounted cash flow valuation techniques. This valuation technique maximize the use of observable market data by using the market related interest rates. There are no significant unobservable inputs. There were no transfers between levels during the year. The basis of measurement has remained the same between Group's current and prior years.

(iii) Financial instruments in Level 3

The fair value of financial instruments that are not based on observable market data (unobservable inputs). The valuation technique maximize the use of market multiples derived from quoted prices of companies comparable to the investee and the expected revenue and EBITDA of the investee. The estimate is adjusted for the effect of non-marketability of the equity securities. There are no significant unobservable inputs.

There were no transfers between levels during the year. The basis of measurement has remained the same between current and prior years.

(b) Financial risk management framework

Risk management framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Group and Company's risk management framework, including implementation and monitoring of risk management policies. The Group and Company's risk management policies are established to identify and analyse the risks faced by the Group and Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group and Company's activities.

Overview

The Group and Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the below risks, the Group's objectives, policies and processes for measuring and managing risks.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's and Company's receivables from its customers.

Trade receivables

The Group's and the Company's principal exposure to credit risk is in its trade and other receivables. Trade and other receivables principally represent amounts owed to the Group and the Company by third parties and credit risk is managed at that level.

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.

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 yearsubject 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.

Exposure to credit risk

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.

The entity has adopted a policy of only dealing with credit worthy counterparties 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.

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.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		**Company**	
in thousands of Naira	**2023**	**2022**	**2023**	**2022**
Trade and other receivables*	3,169,974	2,714,425	2,791,536	2,527,841
Cash and cash equivalents**	495,682	338,577	327,511	230,694
	3,665,656	**3,053,002**	**3,119,047**	**2,758,535**

*Trade and other receivables includes carrying amount of trade and other receivables less withholding tax receivables.

**Cash in hand and cash-in-transit, which are not to be financial assets, has been excluded from the Group cash and cash equivalent as there is no credit risk associated with cash in hand.

Expected credit loss assessment for customers

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 and Company's trade receivables using a provision matrix:

Group

			2023		
In thousands of naira	**Weighted average loss rate**	**Gross carrying amount**	**Impairment loss allowance**	**Balance (Net)**	**Credit impaired**
Current (not past due)	0.16%	956,282	(1,499)	954,783	No
0–90 days past due	0.10%	480,183	(458)	479,725	Yes
91–180 days past due	0.14%	188,712	(272)	188,440	Yes
181–270 days past due	0.16%	643,493	(1,057)	642,436	Yes
271–360 days past due	11.40%	390,961	(44,576)	346,385	Yes
Credit impaired	100.00%	93,395	(93,395)	-	Yes
		2,753,026	**(141,257)**	**2,611,769**	

			2022		
In thousands of naira	**Weighted average loss rate**	**Gross carrying amount**	**Impairment loss allowance**	**Balance (Net)**	**Credit impaired**
Current (not past due)	0.10%	1,220,715	(1,244)	1,219,471	No
0–90 days past due	0.14%	257,618	(357)	257,261	Yes
91–180 days past due	0.16%	216,733	(336)	216,397	Yes
181–270 days past due	0.09%	126,401	(111)	126,290	Yes
271–360 days past due	0.12%	496,201	(607)	495,594	Yes
Credit impaired	98.76%	116,112	(114,675)	1,437	Yes
		2,433,780	**(117,330)**	**2,316,450**	

Company

			2023		
In thousands of naira	**Weighted average loss rate**	**Gross carrying amount**	**Impairment loss allowance**	**Balance (Net)**	**Credit impaired**
Current (not past due)	0.13%	422,535	(541)	421,994	No
0–90 days past due	0.08%	389,143	(306)	388,837	Yes
91–180 days past due	0.11%	107,894	(123)	107,771	Yes
181–270 days past due	0.10%	97,619	(94)	97,525	Yes
271–360 days past due	11.58%	384,473	(44,535)	339,938	Yes
Credit impaired	49.17%	86,505	(42,535)	43,970	Yes
		1,488,169	**(88,134)**	**1,400,035**	

			2022		
In thousands of naira	**Weighted average loss rate**	**Gross carrying amount**	**Impairment loss allowance**	**Balance (Net)**	**Credit impaired**
Current (not past due)	0.16%	763,560	(1,244)	762,316	No
0–90 days past due	0.21%	170,608	(357)	170,251	Yes
91–180 days past due	0.25%	132,929	(336)	132,593	Yes
181–270 days past due	0.15%	72,147	(111)	72,036	Yes
271–360 days past due	0.30%	202,537	(607)	201,930	Yes
Credit impaired	100.00%	116,112	(116,112)	-	Yes
		1,457,893	**(118,767)**	**1,339,126**	

Expected credit loss assessment for intercompany receivables and short-term deposits
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.

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.

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.

A summary of the Group and Company's exposure to credit risk for short term deposits, intercompany and other receivables is as follows.

	Group		**Company**	
in thousands of Naira	**2023**	**2022**	**2023**	**2022**
Trade receuvables	141,257	117,330	88,134	118,767
Short term deposits	1,023	996	821	673
Other receivables	31,932	32,347	29,656	29,656
Intercompany receivables	-	-	19,388	4,050
	-----------	-----------	-----------	-----------
	174,212	**150,673**	**137,999**	**153,146**
	=====	=====	=====	=====

Movements in the allowance for impairment in respect of trade and other receivables

The movement in the allowance for impairment recognised in profit or loss in respect of trade and other receivables, related party receivables during the year was as follows.

	Group		**Company**	
in thousands of Naira	**2023**	**2022**	**2023**	**2022**
Trade receivables	23,927	107,293	(30,633)	50,056
Short term deposits	27	219	148	66
Other receivables	(415)	849	-	-
Intercompany receivables	-	-	15,338	(4,256)
	-----------	-----------	-----------	-----------
Impairment loss expense/(reversal)	**23,539**	**108,361**	**(15,147)**	**45,866**
	=====	=====	=====	=====

Investment in equity securities

The Group minimizes its exposure to credit risks relating to investment in equity security by investing mainly in equity instruments of reputable companies with a history of good financial performance and entities quoted on the Nigeria stock exchange.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal conditions, without incurring unacceptable losses or risking damage to the Group's and Company's reputation.

Group

2023 *In thousands of naira*	**Carrying amount**	**Contractual cash flows**	**12 months or less**	**1 to 5 years**	**Total**
Non-derivative financial liabilities:					
Trade and other payables	2,798,038	2,798,038	2,798,038	-	2,798,038
Lease liabilities (Note 20)	82,525	82,525	27,384	55,141	82,525
Loans and borrowings (Note 22)	321,605	321,605	138,422	183,183	321,605
	3,202,168	**3,202,168**	**2,963,844**	**238,324**	**3,202,168**

2022 *In thousands of naira*	**Carrying amount**	**Contractual cash flows**	**12 months or less**	**1 to 5 years**	**Total**
Non-derivative financial liabilities:					
Trade and other payables	2,268,841	2,268,841	2,268,841	-	2,268,841
Lease liabilities (Note 20)	89,967	89,967	21,495	8,472	89,967
Loans and borrowings (Note 22)	379,347	379,347	104,573	274,774	379,347
	2,738,155	**2,738,155**	**2,394,909**	**343,246**	**2,738,155**

Company

2023 *In thousands of naira*	**Carrying amount**	**Contractual cash flows**	**12 months or less**	**1 to 5 years**	**Total**
Non-derivative financial liabilities:					
Trade and other payables	2,555,619	2,555,619	2,555,619	-	2,555,619
Lease liabilities (Note 20)	82,525	82,525	27,384	55,141	82,525
Loans and borrowings (Note 22)	60,285	60,285	60,285	-	60,285
	2,698,429	**2,698,429**	**2,643,288**	**55,141**	**2,698,429**

Non-company income taxes, pension payable that are not financial liabilities are not included.

2022 *In thousands of naira*	**Carrying amount**	**Contractual cash flows**	**12 months or less**	**1 to 5 years**	**Total**
Non-derivative financial liabilities:					
Trade and other payables	2,102,562	2,102,562	2,102,562	-	2,102,562
Lease liabilities (Note 20)	69,039	69,039	47,544	21,495	69,039
	2,171,601	**2,171,601**	**2,150,106**	**21,495**	**2,171,601**

Non-company income taxes, pension payable that are not financial liabilities are not included.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group and Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the functional currency of the Group, the Naira. The currencies to which the Group is exposed are primarily denominated are the US dollars (US$), and British pound sterling (GBP). The currency risk is the risk that the fair value or future cash flows of financial instrument will fluctuate due to the changes in foreign exchange rates.

The following significant exchange rates were applied during the year:

	Year end spot rate		**Average rate**	
	2023	**2022**	**2023**	**2022**
Pound (GBP)	545.26	545.26	572.18	545.26
US$ 1	416.17	416.17	461.94	416.17
CFA	0.70	0.70	0.76	0.70

Sensitivity analysis

A reasonably possible weakening of the Naira against the US$, GBP and CFA as at 31 March would have affected the measurement of financial instruments denominated in these currencies and affected profit or loss (no impact on equity) by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Exposure to currency risk

The Group and Company's exposure to currency risk is as follows:

	Group		**Company**	
In thousands of naira	**2023**	**2022**	**2023**	**2022**
GBP				
Cash and cash equivalents	1,144	1,144	1,144	1,144
	1,144	**1,144**	**1,144**	**1,144**
US Dollar				
Cash and cash equivalents	20,325	18,016	20,325	18,016
Trade and other payables	(840,644)	(373,924)	(840,644)	(373,924)
	(820,319)	**(355,908)**	**(820,319)**	**(355,908)**
CFA				
Cash and cash equivalents	7,989	7,989	7,989	7,989
	7,989	**7,989**	**7,989**	**7,989**

Impact on profit or loss				
In thousands of naira	**2023**	**2022**	**2023**	**2022**
GBP				
Increase in exchange rate by 5%	57	(55)	57	(50)
Decrease in exchange rate by 5%	(57)	(53)	(57)	(50)
US Dollar				
Increase in exchange rate by 5%	900	2.081	900	1.892
Decrease in exchange rate by 5%	(900)	(1.857)	(900)	(1.769)
CFA				
Increase in exchange rate by 5%	399	268	399	244
Decrease in exchange rate by 5%	(399)	(256)	(399)	(244)

(iv) 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.

(v) Equity price risk

The Group is exposed to equity securities price risk as a result of the investments held by the group and classified on the consolidated financial position as equity instrument at fair value through other comprehensive income and investments in subsidiaries held by the Company.

28 Commitments

Financial Commitments

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the Group and Company's state of affairs have been taken into consideration in the preparation of the financial statements.

29 Contingent liabilities

Pending litigation and claims

There are certain lawsuits and claims pending against the Group and the Company in various courts of law which are being handled by external legal counsels. The contingent liabilities in respect of pending litigation and claims and other regulatory reviews amounted to N2.5 billion (2022: N36 million) as at 31 March 2023. In the opinion of the Directors, the Company's liabilities are not likely to be material, but the amount cannot be determined with sufficient reliability thus no provision has been made in these financial statements.

Performance Bond

The Company accepted a performance bond of N50 million (2022: N50 million) in favour of Nigeria Customs Service.

30 Events after the reporting period

As at the date these financial statements were authorised for issue, the Directors were not aware of any events after the reporting date that could have had a material effect on the financial statements of the Group and Company that have not been provided for or disclosed in these financial statements.

STATEMENT OF VALUE ADDED - GROUP
OTHER NATIONAL DISCLOSURE
FOR THE YEAR ENDED 31 MARCH 2023

in thousands of naira	**2023**	**%**	**2022**	**%**
Revenue	13,874,604		12,598,817	
Finance income	505		5,274	
Bought in materials:				
- Local	(10,344,858)		(9,057,541)	
Value added	**3,530,251**	**100**	**3,546,550**	**100**
Applied as follows:				
To pay employees:				
- as salaries and labour related expenses	2,714,453	77	2,433,314	69
To pay providers of capital:				
- as finance cost	43,696	1	56,646	2
To pay government:				
- as taxation	279,515	8	326,053	9
To provide for replacement and expansion of assets:				
- for assets replacement (depreciation & amortization)	178,687	5	642,731	18
- for assets ROU asset (depreciation)				
- for expansion (profit retained)	313,900	9	87,806	2
	3,530,251	**100**	**3,546,550**	**100**

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

STATEMENT OF VALUE ADDED - COMPANY
OTHER NATIONAL DISCLOSURE
FOR THE YEAR ENDED 31 MARCH 2023

in thousands of naira	**2023**	**%**	**2022**	**%**
Revenue	7,256,901		7,399,350	
Finance income	13,649		4,334	
Bought in materials:				
- Local	(5,504,334)		(5,668,899)	
Value added	**1,766,216**	**100**	**1,734,785**	**100**
Applied as follows:				
To pay employees:				
- as salaries and labour related expenses	1,250,592	72	1,181,876	68
To pay providers of capital:				
- as finance cost	8,391	-	7,314	-
To pay government:				
- as taxation	219,073	12	159,670	10
To provide for replacement and expansion of assets:				
- for assets replacement (depreciation & amortization)	93,904	5	198,565	11
- for assets ROU asset (depreciation)			64,187	4
- for expansion (profit retained)	194,256	11	123,173	7
	1,766,216	**100**	**1,734,785**	**100**

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

Consolidated Statement of Financial Position

in thousands of naira	**2023**	**2022**	**2021**	**2020**	**2019**
Assets					
Property, plant and equipment	3,205,931	2,848,651	2,550,455	1,363,326	1,388,952
Intangible assets	25,751	45,350	45,234	61,290	47,508
Right-of-use assets	123,651	185,891	283,435	325,544	-
Long Term Prepayments	155,198	235,186	3,599	127,011	90,149
Equity instrument at FVTOCI	866	1,696	2,329	395	535
Employee benefit assets	246,746	16,286	164,738	73,988	-
Net current assets	1,336,690	1,343,230	1,769,938	2,733,538	1,488,314
Non-current liabilities	(517,078)	(482,665)	(586,779)	(308,813)	(252,535)
	4,577,755	**4,193,625**	**4,232,949**	**4,376,279**	**2,762,923**
Capital and reserves					
Share capital	477,211	477,211	463,176	463,176	294,748
Share premium	1,515,600	1,515,600	1,437,001	1,437,001	296,433
Fair Value Reserve	331	1,161	1,794	(140)	-
Retained earnings	2,584,613	2,199,653	2,330,978	2,476,242	2,171,742
	4,577,755	**4,193,625**	**4,232,949**	**4,376,279**	**2,762,923**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Revenue	13,874,604	12,598,817	9,458,014	10,548,984	10,066,576
Profit before taxation	593,415	413,860	220,792	750,080	743,469
Profit after taxation	313,900	87,806	150,065	468,989	466,248
Basic earnings per share	0.33	0.09	0.16	0.70	0.76

Company Statement of Financial Position

in thousands of naira	2023	2022	2021	2020	2019
Assets					
Property, plant and equipment	1,773,235	1,260,569	1,030,564	693,551	691,856
Intangible assets	25,751	45,016	44,100	59,357	47,508
Right-of-use assets	105,677	109,046	127,330	74,824	-
Long Term Prepayments	3,848	3,085	3,599	12,877	17,861
Equity instrument at FVTOCI	866	1,696	2,329	395	535
Investments in subsidiaries	1,153,065	1,153,065	1,153,065	374,065	374,065
Employee benefit assets	246,746	16,286	164,738	74,374	-
Net current assets	680,557	960,542	1,023,150	2,320,237	1,027,560
Non-current liabilities	(258,518)	(82,564)	(78,176)	(135,491)	(94,745)
	3,731,227	**3,466,741**	**3,470,699**	**3,474,189**	**2,064,640**
Capital and reserves					
Share capital	477,211	477,211	463,176	463,176	294,748
Share premium	1,515,600	1,515,600	1,437,001	1,437,001	296,433
Fair Value Reserve	331	1,161	1,794	(140)	-
Retained earnings	1,738,085	1,472,769	1,568,728	1,574,152	1,473,459
	3,731,227	**3,466,741**	**3,470,699**	**3,474,189**	**2,064,640**

Company Statement of Profit or Loss and Other Comprehensive Income

	2023	2022	2021	2020	2019
Revenue	7,256,901	7,399,350	5,314,436	6,289,699	5,849,869
Profit before taxation	413,329	282,843	243,541	490,671	658,599
Profit after taxation	194,256	123,173	289,905	265,182	414,773
Basic earnings per share	0.20	0.13	0.30	0.39	0.68

Introduction

The Red Star Express Sustainability Report, a comprehensive overview of our ongoing commitment to responsible practices, innovation, and positive impact. We delve into the initiatives of our 2022/2023 financial year, aimed at forging a sustainable future, showcasing how we integrate environmental, social, and governance considerations into our operations. Through transparency and accountability, we highlight our progress, initiatives, and collaborations that shape our journey towards a more sustainable and inclusive world.

Our Sustainability Strategy

Red Star Express is a leading logistics brand offering comprehensive solutions, giving us a competitive edge. Our strategic approach enables us to oversee our operations as a cohesive portfolio, always prioritizing the company's long-term prosperity. Consequently, our choices regarding capital investment and the introduction of new services or improvements are contingent upon attaining the maximum sustained return on capital for the entirety of our business.

At Red Star Express, the "People, Service, Profit" philosophy drives our approach. We invest in our people, fostering growth and collaboration, which fuels exceptional service for our customers. Through this dedication, sustainable profitability naturally follows, reflecting our belief that valuing people and delivering top-notch service are the pillars of lasting success.

Through strengthening our transportation, information technology, and retail networks, we play a pivotal role in enabling a continuous and unprecedented expansion of customer access to goods, services, and information. Our well-established network, built on years of investment, innovation, and expertise, effectively connects over 1,500 communities across all 36 states within the country. Moreover, our global reach extends to more than 220 countries through our partnership with FedEx as a licensee. Our strategic focus remains on empowering both our company and team members to leverage and contribute to this enhanced access, thereby fostering long-term growth, increased productivity, and sustained profitability.

Throughout the financial year, we unveiled and broadened an array of innovative solutions, propelled significant long-term business endeavors, and embarked on vital investments that deliver advantages to our valued customers, team members, communities, and other stakeholders. These accomplishments include:

- Pioneering an ESG policy to foster responsible practices.
- Expanding the General Sales cargo agent services partnering with Max Air and Ibom Air.
- Extending our e-commerce services to other locations outside Lagos, enriching accessibility.
- Implementing an ERP system and investing in technology to enhance operations.

Reputation and Responsibility

Red Star Express stands proudly as one of Nigeria's most revered and trusted companies. This past year has brought a series of remarkable accolades, including the prestigious Guild of Photojournalist Nigeria award for the most outstanding indigenous logistics company. Additionally, we were honored with the distinction of being the invaluable freight and logistics service brand of the year 2023 by The Africa 100 valuable brands. Our commitment to inclusivity was also recognized through the Gender Leader Awards, acknowledging our active engagement in the Nigeria2equal program, a collaborative effort between the International Finance Corporation (IFC) and the Nigerian Exchange Limited (NGX), spanning from 2021 to 2023. These recognitions serve as a testament to our dedication and impact within both the logistics industry and the broader community.

The success of our efforts is built on our ESG practices, which are aligned with our strategic focus. Our ESG policy statement is available at https://redstarplc.com/other-policies/. This policy reflects our commitment improving the way business decisions and polices address sustainability opportunities.

Human Resource Management

Our Culture

At Red Star Express, our invaluable asset: our people. They form the bedrock of our triumphs and shape our esteemed identity. Our exceptional human network not only defines us but also steers our desired business ethos. The crux of our achievements hinges on the talents, commitment, and welfare of our team. Guided by this, we are committed to nurturing, retaining, and empowering our members, ensuring their growth as we continue to expand.

Health and Safety

The utmost importance lies in the well-being, health, and safety of our entire workforce. Our comprehensive safety policies, education initiatives, and technological advancements are seamlessly integrated into our daily operations, ensuring our resolute dedication to cultivating secure environments for our employees, customers, and communities.

Diversity, Equity, and Inclusion: Driving Opportunity

Championing Diversity, Equity, and Inclusion is at the core of our ethos. We celebrate the rich tapestry of perspectives, backgrounds, and experiences within our team, recognizing it as a cornerstone of our triumphs and community impact. Embracing this philosophy fuels collaboration, empowers our workforce's growth, and is foundational to our business vitality.

Red Star Express holds commitment to embrace diversity and foster gender inclusion across our entire organization, extending from our esteemed Board of Directors to every dedicated employee. This commitment to gender inclusion has opened doors for every female member within the organization, offering them meaningful opportunities to flourish.

Description	Men	Women	Total
Staff	1769	189	1,958
Managers	46	18	64

Enhancing Quality of Life

We prioritize our employees' and their families' well-being, offering essential resources for a balanced life. Eligible team members receive comprehensive benefits, encompassing healthcare, wellness support, ample paid leave, flexible time off, and more.

Learning and Development

Red Star Express is proactive in evolving our learning frameworks to align with emerging trends and equip our workforce with future-ready capabilities. Central to this effort is the Red Star Academy, a hub for comprehensive training. From new employee onboarding, which offers an exceptional orientation experience, to advancing core competencies across the company, our approach is unparalleled. Particularly, our fleet operators' benefits from a range of training, including safety and driving skills through collaborations with LATSMA, FRSC, and LASDRI. The Academy's impact extends further with access to over 25,000 online courses, facilitated by FedEx Percipio, empowering our employees' ongoing development.

Our Environment

At Red Star Express, we understand the importance of positively impacting the communities where we operate. That is why we have taken proactive measures to address air and noise pollution as well as packaging waste. In the past financial year, our endeavors have extended to incorporating renewable energy sources. By implementing solar panels and energy-efficient lighting in our offices, we are actively advancing towards environmental sustainability and aiming for carbon neutrality in our buildings.

Furthermore, our commitment to our immediate surroundings shines through contributions to road repairs and street lighting, ensuring the welfare of our local environment.

Waste Management

The Company does not generate harmful or hazardous waste and all waste products are disposed in line with government regulations and preservation of the environment. The company also champions sustainability in our industry by ensuring that packaging materials used across our business lines are reusable and recyclable and are of little or no harm to our environment.

Compliance to Environmental laws

The Company maintains a very high standard of environmental compliance hence there was no fine/penalty for noncompliance to environmental laws in the year under review. However, the company is also expanding its footprint into renewable energy by deploying solar panels and energy saving lightings across our offices in Nigeria. The goal is to contribute to environmental sustainability through carbon neutrality in our buildings.

Our Community

Through the Red Star Foundation, our company's CSR initiative, we are dedicated to empowering our immediate community with a strong emphasis on educational development. Throughout our years of existence, the foundation has evolved to positively impact the lives of our host communities. Our efforts encompass a wide range of initiatives, including school renovations, the provision of boreholes for clean water access, and extending support to IDP camps with relief aids.

Governance

The Red Star Express Board of Directors upholds an unwavering commitment to highest quality of corporate governance and accountability to our shareholders. Regularly, the Board reviews our governance policies and practices against best standards, implementing necessary changes to reinforce our enduring dedication to utmost corporate governance excellence. For comprehensive insights into the board's activities and composition, refer to the page on Corporate Governance in the 2023 Annual Report and Accounts.

Whistle Blowing Mechanism/Code of Business Conduct

Red Star Express maintains an independent whistle blowing system for report of conduct inimical to the corporate existence of the business, violate 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.

Bribery and Corruption

The Company prohibits giving or receiving of bribes or other improper advantages for business gain. This prohibition applies to any form of bribe or value and is not limited to cash. Staff are routinely exposed to anticorruption trainings and 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.

There were no incidents, fines or exposure related to corruption or bribery in the year under review.

In conclusion, the Red Star Express Sustainability Report underscores our unwavering commitment to driving positive change, fostering innovation, and ensuring a brighter and more sustainable future for all.

Nigeria2Equal

Gender Leader AWARDS

RECOGNITION OF **PARTICIPATION**

PRESENTED TO

Red Star Express Plc

In recognition of your participation in the **2021-2023 Nigeria2Equal** program implemented by the **International Finance Corporation (IFC)** in partnership with the **Nigerian Exchange Limited (NGX)**

presented at the
Nigeria2Equal Gender Leader Awards

Held on **June 15, 2023** at
Eko Convention Centre,
Victoria Island, **Lagos**

NGX Exchange

IFC International Finance Corporation WORLD BANK GROUP
Creating Markets, Creating Opportunities

Red Star Foundation, established on August 9, 2006, continues to serve as the corporate social responsibility arm of Red Star Express Plc. It plays a pivotal role in driving the company's ongoing endeavors to enhance the well-being of residents in the areas where its offices are located.

Functioning as a dedicated Foundation, we steadfastly uphold our commitment to elevate and advance education through the provision of scholarships. Our primary focus lies in extending these scholarships to the students within the senior secondary school level in public schools.

Furthermore, our Foundation has embarked on the implementation of various initiatives designed to uplift the living standards of the local communities.

Red Star Foundation; 2022 Lagos Scholarship Scheme
In spite of the very challenging environment, Red Star Express Plc through its Foundation ensured it sustained one of its development goals which is to assist in the provision of education to secondary school students in its host community. However, this year the Foundation was again, only able to give out scholarships to students within the Mafoluku/Oshodi Local Government area as most secondary schools in other geo-political zones (especially the North) were besieged with several incidents of kidnapping and banditry hence making the locality insecure.

The Red Star Foundation, under the auspices of Red Star Express Plc, remains dedicated to upholding its developmental objectives, particularly in the realm of supporting education for secondary school students within its host community. This year, our Foundation has continued its unwavering commitment to this goal by providing scholarships to deserving students in the Mafoluku/Oshodi Local Government area, where the majority of secondary schools are situated. While our reach has been primarily concentrated in this locality for the current year, we remain steadfast in our mission to expand our impact and extend educational opportunities to a wider range of students in the future.

This year, the Foundation awarded scholarships to six (6) new students in addition to the previous scholars totaling Nine (9) Secondary school students in Lagos. These beneficiaries are:

Adewole Pamilerin Sandra from Oshodi Comprehensive Senior High School, Akinola Khadijat Omolabanke from Oshodi Senior High School, Oladeji Olayinka Isreal from Oshodi Comprehensive Senior High School, Eze Chineye Favour from Unity Senior High School, Oluremi Joseph Opemipo from Mafoluku Junior Grmmar School, Safriyy A Haliyat from Unity Senior High School.

Others are Agbalaya Fathia Damilola from Oshodi Senior High School, Ehizode Winner Iwinosa from Ewuntuntun Senior Grammar School and Amachaghi Richard Nnamdi from Bolade Senior Grammar School.

The scholarships will afford these (SS1-SS3) students, the opportunity of completing their Senior Secondary School Education by taking on their required expenses in the area of (tuition fees, books etc.) for three (3) years. The Scholarship awards were backed by a rigid qualifying criteria, a neutral selection process and endorsement by all relevant stakeholders, including the Ministry of Education, Local Government Authorities, traditional rulers and Secondary Schools Authorities.

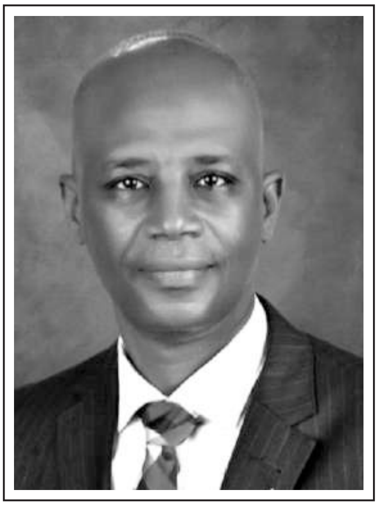
The Foundation which started off in Lagos has extended to the Eastern and Northern parts of the country. In the last 15 years, over 230 students across the country have benefited from the scholarship scheme.

The Mentorship Scheme

In the year 2022, the Foundation diligently continued its Mentorship Program, a vital initiative through which recipients of our scholarship scheme are matched with seasoned senior-level personnel. These experienced professionals take on the role of mentors and counselors, offering invaluable career guidance and providing insights into the intricacies of the corporate work environment. This program not only underscores our commitment to educational support but also emphasizes our dedication to fostering holistic growth and development among the student beneficiaries.

CURRENT GROUP EXECUTIVE COMMITTEE MEMBERS
AS AT 31ST MARCH 2023

CHARLES EJEKAM
Executive Director,
Sales and Marketing



AUWALU BABURA
Group Managing Director/CEO

TONYE PREGHAFI
Chief innovation Officer

Frances Akpomuka
Head of Operation/
Company Secretary

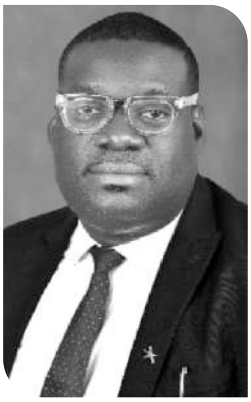
Mudiaga Okumagba
Chief Operating Officer,
Red Star Freight

Abdulkadir Koguna
Head, Central
Administration

Inemesit James-Okoro
Head, Corporate
Resources

Kayode Agbe
Chief Operating Officer,
Red Star Logistics

Vivienne Emeni
Chief Operating Officer,
RS Allied



Nosa Erunse
Chief Operating Officer,
Red Star Support Services

Ejide Owoeye
Head of Sales,
Red Star Express

Valentine Onyibo
Head , Finance

Ifunanya Iwuagwu
Legal Adviser

FORM OF PROXY FOR USE AT THE THIRTIETH ANNUAL GENERAL MEETING OF RED STAR EXPRESS PLC. ON SEPTEMBER 14, 2023.

I/WE,..being a member(s) of RED STAR EXPRESS PLC. hereby appoint:**...or failing him ....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 September 14th, 2023 and at any adjournment thereof.

Dated this...............day of...2023.

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.	To Re-Elect Directors: a. Mr. Sulaiman Koguna (Non-Executive Director)			
4.	To authorize the Directors to fix remuneration of the Auditors.			
5.	To disclose the remuneration of the Managers of the Company			
6.	To elect members of the Statutory Audit Committee			
7.	To approve Director's Fees			

NOTE:
The above Proxy Form, when completed, must be deposited at the office of the Registrars, Apel Capital Registrars Limited, No. 8, Alhaji Bashorun Street, Off Norman Williams Crescent, South-West, Ikoyi, Lagos, Nigeria, or via email at registrars@apel.ng not more 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. Mr. Auwalu Babura - Group Managing Director/CEO
3. Mr. Moses Ogundeji - Shareholder Representative
4. Chief Cyril Ugwumadu - Shareholder Representative
5. Mr. Ganiyu Amoo - Shareholder Representative

Apel Capital
Registrars Limited

PASSPORT
PHOTOGRAPH HERE

SHAREHOLDER'S INFORMATION UPDATE

The Registrar,
Apel Capital Registrars Limited
8, Alhaji Bashorun Street
Off Norman Williams Crescent S.W. Ikoyi
Lagos State.

Kindly update my information with the following details below:

FULL NAME

____

CONTACT ADDRESS

____

EMAIL ADDRESS

____

MOBILE NUMBER

____

REMARK

____

____

Thank you,

Yours faithfully

Signature(s)

Company seal (if applicable)

Joint/Company's Signatories

Tick	Name of Company	Shareholder's Acct NO.
	ADAS PROGRAMME LIMITED	
	AIICO BALANCED FUND	
	ANINO INT'L PLC	
	ARBICO PLC	
	CALIPHATE SUKUK SPV LIMITED	
	CHAPEL HILL DENHAM MONEY MARKET FUND	
	CITITRUST FINANCIAL SERVICES PLC	
	EUNISELL INTERLINKED PLC	
	INTERNATIONAL BREWERIES PLC	
	JEWEL SUKUK SPV LIMITED	
	KSIP FUNDING SPV LIMITED SERIES 1	
	KSIP FUNDING SPV LIMITED SERIES 2	
	LAGOS COMMODITIES & FUTURES EXCHANGE	
	LASACO ASSURANCE PLC	
	LEAD UNIT TRUST SCHEME	
	MAHFAS INVESTMENT LIMITED	
	MANZ SPV LIMITED	
	MASS TELECOM INNOVATION PLC	
	METAL SECURITY PRODUCTS LTD	
	MODERN SHELTER SYSTEMS & SERVICES BOND 1	
	MODERN SHELTER SYSTEMS & SERVICES BOND 2	
	MUTUAL BENEFITS ASSURANCE PLC	
	MUTUAL TRUST MICROFINANCE BANK LTD	
	NCR NIGERIA PLC	
	NEM INSURANCE PLC	
	OGC FOODS & BEVERAGES LIMITED	
	PARAMOUNT EQUITY FUND	
	PHARMA DEKO PLC	
	RED STAR EXPRESS PLC	
	SKYWAY AVIATION HANDLING CO. PLC	
	TAJ SUKUK ISSUANCE PROGRAMME SPV PLC	
	THE INITIATES PLC	
	THE NIGERIA FOOTBALL FUND	
	VITAL PRODUCTS LIMITED	

STANDARDS ORGANISATION OF NIGERIA

Certificate

No. 0000076

This is to certify conformity of

RED STAR EXPRESS Plc.

Organisation/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

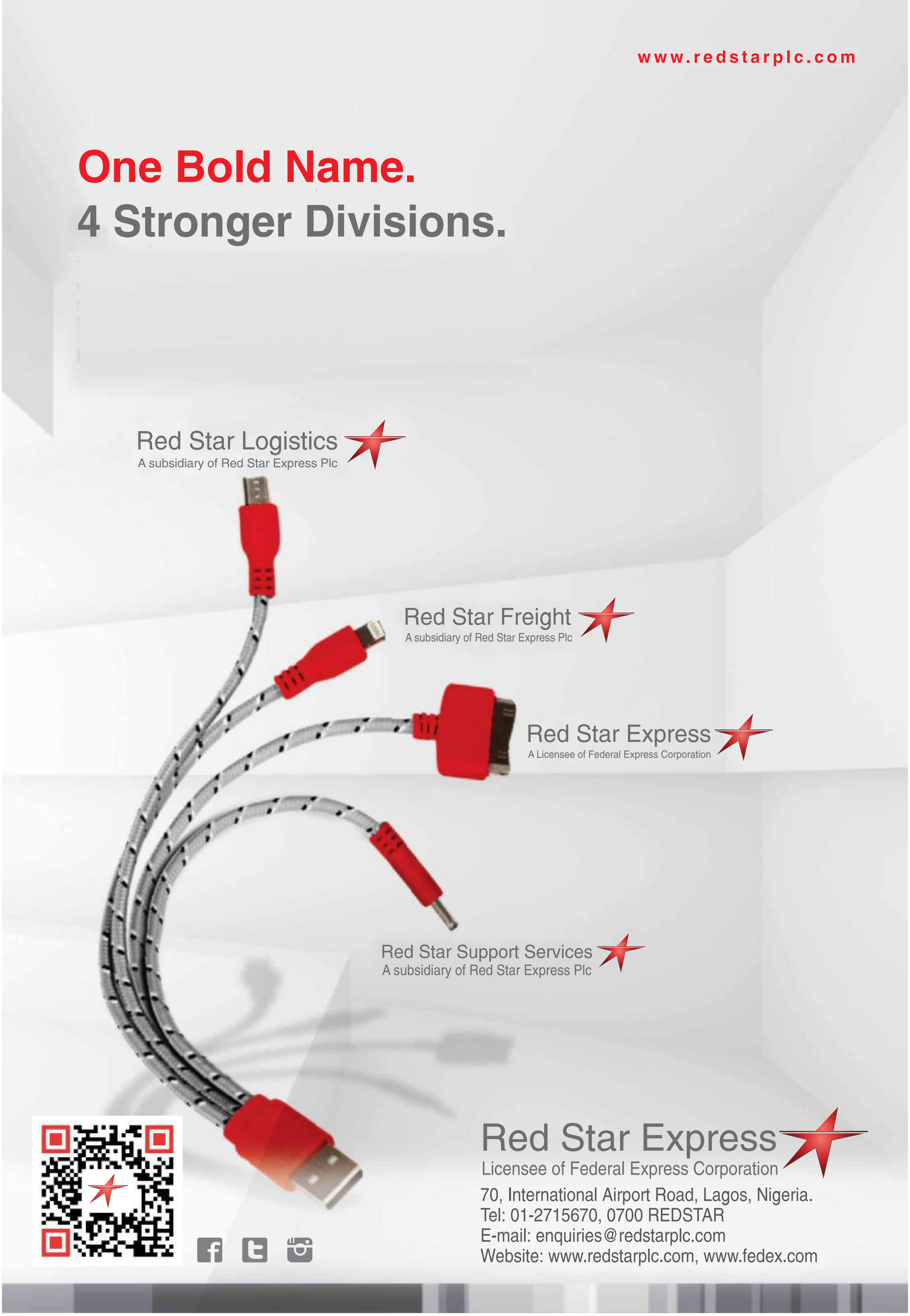
Scope

Issued on 22.10.2021

Expires on 02.10.2024

DIRECTOR GENERAL/CHIEF EXECUTIVE

STANDARDS ORGANISATION OF NIGERIA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Tel: 01-2715670, 0700 REDSTAR
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Website: www.redstarplc.com, www.fedex.com