CAVERTON OFFSHORE SUPPORT GROUP PLC
LAGOS, NIGERIA

REPORT OF THE DIRECTORS

CONSOLIDATED AND SEPARATE AUDITED FINANCIAL STATEMENTS

AND OTHER NATIONAL DISCLOSURES

FOR THE YEAR ENDED 31 DECEMBER 2020

CAVERTON OFFSHORE SUPPORT GROUP PLC
REPORT OF THE DIRECTORS, CONSOLIDATED AND SEPARATE AUDITED FINANCIAL STATEMENTS AND OTHER NATIONAL DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2020

TABLE OF CONTENTS

CORPORATE INFORMATION

DIRECTORS:	Mr Aderemi Makanjuola	Chairman
	Mr Olabode Makanjuola	Managing/CEO
	Mr Akin Kekere-Ekun	Non-Executive Director
	Mr Akinsola Falola	Non-Executive Director
	Mr Bashiru Bakare	Non-Executive Director
	Mallam Bello Gwandu	Non-Executive Director
	Chief Raymond Ihyembe	Independent Director
	HRM Edmund Daukoru, CON	Non-Executive Director
	Mrs Titilola Adigun	Director (Resigned - 1 November 2020)

REGISTRATION NUMBER:	RC 750603
WEBSITE:	www.caverton-offshore.com
CORPORATE OFFICE:	1, Prince Kayode Akingbade Close Off Muri Okunola Street Victoria Island Lagos, Nigeria
SOLICITOR:	Probitas Partners & Co (Barrister and Solicitor) 20, Adetokunbo Ademola Street Victoria Island Lagos Nigeria
EXTERNAL AUDITOR:	Ernst & Young 10th & 13th Floors, UBA House 57, Marina, Lagos Nigeria E-mail: services@ng.ey.com
BANKERS:	Polaris Bank Limited Zenith Bank Plc Access Bank Plc Heritage Bank Plc
REGISTRAR:	United Securities Limited 9, Amodu Ojikutu Street Off Saka Tinubu, Victoria Island Lagos, Nigeria.

CAVERTON OFFSHORE SUPPORT GROUP PLC
CERTIFICATE OF ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended 31 December 2020 that:

a) We have reviewed the report;
To the best of our knowledge, the report does not contain:
•Any untrue statement of a material fact, or
•Omit to state a material fact, which would make the statements misleading in the light of circumstances under which such statements were made;

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

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

d) We have disclosed to the auditors of the Company and Audit Committee:
• All significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
•Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

……………………………………………..
Mr. Olabode Makanjuola
Managing Director
FRC/2013/IODN/00000002456

……………………………………………..
Chesa Okoroafor
Group Chief Finance Officer
FRC/2014/ICAN/00000009850

29 March 2021

CAVERTON OFFSHORE SUPPORT GROUP PLC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors have pleasure in presenting their report on the affairs of Caverton Offshore Support Group Plc (“the Company”) together with its subsidiaries (“the Group”) and the consolidated and separate audited financial statements of the Group and the Company for the year ended 31 December 2020.

Legal form

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

Principal activity

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

State of affairs

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

Result of Operations

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Revenue	32,172,597	34,978,264	-	-
Profit before taxation	1,264,475	7,242,202	590,306	566,647
Taxation	(80,702)	(2,861,384)	(7,748)	161,933
Profit after taxation	1,183,773	4,380,818	582,558	728,580

Dividend

The Directors recommended payment of dividend of 10 kobo per share in respect of the year ended 31 December 2020 (2019: 20 kobo per share).

Property, plant and equipment

Information relating to changes in property, plant and equipment is shown in Note 16 to the consolidated and separate audited financial statements. In the opinion of the Directors, the market value of the Group and the Company’s property, plant and equipment is not less than the carrying value shown in the consolidated and separate financial statements.

Acquisition of own shares

The company has not purchased any of its own shares during the year under review.

Directors' Interests in shares

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

Number of ordinary shares of 50k each held as at 31 December 2020

	2020		2019	
	Direct	Indirect	Direct	Indirect
Mr Aderemi Makanjuola	410,022,219	1,810,199,025	449,022,219	2,113,149,025
Mr Olabode Makanjuola	50,005,000	14,800,000	50,005,000	14,800,000
Mr Bashir Bakare	20,000,000	-	20,000,000	-
Mr Akinsola Falola	20,000,000	-	20,000,000	-
HRM King Edmund Daukoru	15,000,000	-	15,000,000	-
Mallam Bello Gwandu	10,000,000	-	10,000,000	-
Mr Akin Kekere-Ekun	100,000	10,000,000	100,000	10,000,000
Chief Raymond Ihyembe	-	-	-	-
Capt. Josiah Choms	-	-	13,000,000	-
Mrs Titilola Adigun	-	-	10,005,000	-
	525,127,219	1,834,999,025	587,132,219	2,137,949,025

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

Capitalization History

Year	Increase	Authorized cumulative	Increase	Paid up cumulative	Cumulative Units	Consideration
	₦'000	₦'000	₦'000	₦'000		
1/1/2021	-	2,500,000,000	-	1,675,255	3,350,509,750	Cash and shares
1/1/2020	-	2,500,000,000	-	1,675,255	3,350,509,750	Cash and shares
1/1/2019	-	2,500,000,000	-	1,675,255	3,350,509,750	Cash and shares

Retirement of Directors

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

Directors' interest in contracts

None of the Directors has notified the Group for the purpose of Section 303 of the Companies and Allied Matters Act, 2020 of any disclosable interest in contracts with which the Group is involved as at 31 December 2020.

Shareholding structure

The issued and fully paid share capital of the Company as at 31 December 2020 was beneficially owned as follows:

	Number of Holders	Holdings	% Holdings
Corporate	106	2,227,277,095	66.48%
Foreign	32	3,968,846	0.12%
Directors	7	525,127,219	15.67%
Estate of deceased persons	3	161,320	0.00%
Individual	2,857	556,782,709	16.62%
Trust and Pension Fund	6	32,243,243	0.96%
Foundation and schools	3	193,300	0.01%
Nominees	9	4,752,618	0.14%
Clubs And Associations	5	2,300	0.00%
Enterprise	2	1,100	0.00%
	3,030	3,350,509,750	100%

Shareholding

The issued and fully paid up share capital of the Company is N1,675,254,875 (One billion, six hundred and seventy-five million, two hundred and fifty-four thousand, eight hundred and seventy-five naira) made up of 3,350,509,750 ordinary shares of 50kobo each. According to the register of members, apart from the three substantial shareholders (Tasmania Investments Limited, Aderemi Makanjuola and Molar Vessels Limited) no other person or persons held more than 5% of the issued and fully paid up shares of the company at 31 December 2020.

	Number of Holders	% Holdings
Foreign	5,085,000	0.2%
Corporate	2,305,321,360	68.8%
Various Individuals	1,040,103,390	31%
	3,350,509,750	100%

Substantial interest in shares:	Number of Shares	%
Tasmania Investments Limited (Represented by Aderemi Makanjuola)	1,810,199,025	54%
Aderemi Makanjuola M.	410,022,219	12%
Molar Vessels (Represented by Aderemi Makanjuola)	251,050,000	7%
	2,471,271,244	73%

Substantial interest in shares:	Number of Shares	%
Strategic Shareholders	2,106,275,581	62%
Directors Holdings	574,132,219	18%
Free Float	670,101,950	20%
	3,350,509,750	100%

Shareholders Register Range Analysis

Range	No. of Holders	% of Holders	No. of Holdings	% Shareholding
1 - 10,000	1,498	65%	3,584,666	0.1%
10,001 -50,000	328	14%	8,250,493	0.2%
50,001 -100,000	133	6%	10,445,605	0.3%
100,001 -500,000	224	10%	49,762,911	2%
500,001 -1,000,000	41	2%	33,567,179	1%
1,000,001 - 5,000,000	45	2%	89,816,947	3%
5,000,001 - 10,000,000	17	1%	142,700,734	4%
10,000,001 - 50,000,000	14	1%	298,511,728	9%
50,000,001 - 100,000,000	2	0.1%	100,010,000	3%
100,000,001 - 1,000,000,000	2	0.1%	803,660,462	24%
1,000,000,001 above	1	0.1%	1,810,199,025	54%
	2305	100%	3,350,509,750	100%

Shareholding structure

The issued and fully paid share capital of the Company as at 31 December 2019 was beneficially owned as follows:

	Number of Holders	Holdings	% Holdings
Corporate	70	2,305,321,360	68.8%
Foreign	4	5,085,000	0.2%
Directors	9	587,132,219	17.5%
Estate of deceased persons	2	60,620	>0.1%
Individual	2,518	416,672,971	12.4%
Trust and Pension Fund	4	30,523,040	0.9%
Foundation and schools	1	125,000	>0.1%
Nominees	10	5,331,594	0.2%
Clubs And Associations	5	102,200	>0.1%
Enterprise	7	155,746	>0.1%
	2,630	3,350,509,750	100%

Shareholding

The issued and fully paid up share capital of the Company is N1,675,254,875 (One billion, six hundred and seventy-five million, two hundred and fifty-four thousand, eight hundred and seventy-five naira) made up of 3,350,509,750 ordinary shares of 50kobo each. According to the register of members, apart from the three substantial shareholders (Tasmania Investments Limited, Aderemi Makanjuola and Molar Vessels Limited) no other person or persons held more than 5% of the issued and fully paid up shares of the company at 31 December 2019.

	Number of Holders	% Holdings
Foreign	5,085,000	0.2%
Corporate	2,305,321,360	68.8%
Various Individuals	1,040,103,390	31%
	3,350,509,750	100%

Substantial interest in shares:	Number of Shares	%
Tasmania Investments Limited (Represented by Aderemi Makanjuola)	1,810,199,025	54%
Aderemi Makanjuola M.	449,022,219	13%
Molar Vessels (Represented by Aderemi Makanjuola)	302,950,000	9%
	2,562,171,244	76%

Substantial interest in shares:	Number of Shares	%
Strategic Shareholders	2,093,275,581	62%
Directors Holdings	587,132,219	18%
Free Float	670,101,950	20%
	3,350,509,750	100%

Shareholders Register Range Analysis

Range	No. of Holders	% of Holders	No. of Holdings	% Shareholding
1 - 10,000	1,773	67%	3,906,471	0.1%
10,001 -50,000	357	14%	8,961,422	0.3%
50,001 -100,000	134	5%	10,413,722	0.3%
100,001 -500,000	223	8%	50,582,723	2%
500,001 -1,000,000	50	2%	38,625,956	1%
1,000,001 - 5,000,000	53	2%	102,097,373	3%
5,000,001 - 10,000,000	19	1%	164,884,859	5%
10,000,001 - 50,000,000	16	1%	308,855,980	9%
50,000,001 - 100,000,000	2	0.1%	100,010,000	3%
100,000,001 - 1,000,000,000	2	0.1%	751,972,219	22%
1,000,000,001 above	1	>0.1%	1,810,199,025	54%
	2630	100%	3,350,509,750	100%

Employment of Disabled Persons

The Group has a non-discriminatory policy on the consideration of applications for employment, including those received from disabled persons. All employees are given equal opportunities to develop themselves. The Group's policy is that the highest qualified and most experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition. There is no disabled employee as at 31 December 2020 and 2019.

Employees Involvement and Training

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

Health, Safety at Work and Welfare of Employees

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

Charitable Contribution and Donation

The Group made a donation of N14,251,697 to charitable organizations during the year (2019: N7,820,000). No donations were made to any political organisation during the year (2019: Nil).

	December 2020
	₦'000
Community development support , Warri	4,089
EYEQ Charitable Donation for eye treatment for the less privileged.	1,000
60 Plus Advocacy Charity Donation	1,000
Covid 19 Palliative to Rumuomasi Community & Rivers State	8,163
	14,252

	December 2019
	₦'000
Community development support , Warri	820
Ministry of health	5,000
St. Saviour School, Ikoyi	2,000
	7,820

Financial Commitments

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

Going Concern

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

Key events in the reporting period

The COVID-19 pandemic had a direct impact on our operations, resulting in the downward revision of our 2020 projections.

Management will continue to monitor events on COVID-19 and the impact on Governments, business activities and also the lifestyle of the people. The reaction of the various stakeholders, including the Government, the private sector and individuals to the distortion in their normal activities, have been observed too. It is uncertain how long this will last, but it is believed to be a temporary situation. Despite the foregoing, our fundamentals remain strong, and we keep delivering quality services and don't compromise safety.

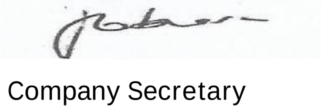
Format of consolidated and separate financial statements

The consolidated and separate financial statements of Caverton Offshore Support Group Plc have been prepared in accordance with the reporting and presentation requirement of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), provisions of the Companies and Allied Matters Act, 2020 and requirements of the Financial Reporting Council of Nigeria 2011.

Auditors

In accordance with the Nigerian Corporate Governance Code 2019, Ernst & Young have expressed their willingness to resign as the Group and the Company's auditors. A proposal will be made by the Board of Directors at its annual general meeting to appoint another auditor in accordance with Section 401 of the Companies and Allied Matters Act, 2020.

BY ORDER OF THE BOARD



Company Secretary
Amaka Pamela Obiora
FRC/2016/NBA/00000011302

29 March 2021

CAVERTON OFFSHORE SUPPORT GROUP PLC
CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

THE BOARD

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

COMPOSITION OF THE BOARD

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

BOARD COMMITTEES

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

SAFTEY COMMITTEE

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

MEMBERSHIP OF THE COMMITTEE

MEETINGS	1	2	3	4
	11/3/2020	11/6/2020	9/9/2020	11/11/2020
Mr. Bashiru Bakare (Chairman)	√	√	√	√
Mr. Akinsola Falola	√	√	√	x
Mr. Akin Kekere-Ekun	√	√	√	√
Mallam Bello Gwandu	NYA	√	√	√

Note:

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

RISK & FINANCE COMMITTEE

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

MEMBERSHIP OF THE COMMITTEE

MEETINGS	1	2	3	4
	24/3/2020	4/6/2020	3/9/2020	5/11/2020
Mr. Akin Kekere-Ekun (Chairman)	√	√	√	√
Mr. Bashiru Bakare	√	√	√	√
Chief Raymond Ihyembe	√	√	√	√

GOVERNANCE AND IMPLEMENTATION COMMITTEE

The Committee comprises six members. The committee is tasked with overseeing the Corporate Governance policies and procedures of the Company.

MEMBERSHIP OF THE COMMITTEE

MEETINGS	1	2	3	4
	13/3/2020	26/6/2020	7/9/2020	9/11/2020
Chief Raymond Ihyembe - Chairman	√	√	√	√
Mr. Akinsola Falola	√	√	x	√
HRM Dr. Edmund Daukoru	√	√	√	√
Mallam Bello Gwandu	√	√	√	√
Mr. Akin Kekere-Ekun	√	√	√	√
Mr. Bashiru Bakare	√	√	√	√

AUDIT COMMITTEE

The audit committee in line with Section 359(5) of the Companies and Allied Matters Act, 2020 is mandated to examine the

auditor's report and make recommendations thereon to the General Meeting. The committee consists of eight members.

MEMBERSHIP OF THE COMMITTEE

MEETINGS	1	2	3	4
	7/5/2020	28/07/2020	28/10/2020	26/11/2020
Mr. Hakeem Shagaya - Chairman	√	√	√	√
Mallam Bello Gwandu	NYA	√	√	√
Mr. Bashiru Bakare	√	√	√	√
Mr. Raymond Ihyembe	√	√	√	√
Mr.Akin Kekere-Ekun	√	NRA	NRA	NRA
Mr. Friday Odigue Ejere	√	√	√	√
Mr.Tola Atekoja	NYA	√	√	√
Mr. Chinasa Ego-Osuala	√	NRA	NRA	NRA

TRADING POLICY

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

CAVERTON OFFSHORE SUPPORT GROUP PLC
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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

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

The directors accept responsibility for the annual consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standards issued by the International Accounting Standard Board, the requirements of the Companies and Allied Matters Act, 2020 and Financial Reporting Council of Nigeria Act, No 6 2011.

The directors are of the opinion that the consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the Group and Company of their profit for the year ended 31 December 2020. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of consolidated and separate financial statements, as well as adequate systems of internal financial control.

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

……………………………………………………
Mr. Aderemi Makanjuola (Chairman)
FRC/2013/IODN/00000002400

……………………………………………………………
Mr. Olabode Makanjuola (Managing Director)
FRC/2013/IODN/00000002456

29 March 2021

CAVERTON OFFSHORE SUPPORT GROUP PLC
REPORT OF THE AUDIT COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER 2020

In compliance with Section 404(4) of the Companies and Allied Matters Acts 2020, the members of the Audit Committee of Caverton Offshore Support Group Plc hereby report as follows:

i. We have exercised our statutory functions under Section 404(4) of the Companies and Allied Matters Act 2020, and state that the scope and planning of the audit were adequate in our opinion.
ii. We are of the opinion that the accounting and reporting policies of the Group conformed to the statutory requirements.
iii. The Internal Control and Internal Audit functions of the Group were operated effectively.
iv. The External Auditor's findings are being dealt with satisfactorily by the Management; and
v. We acknowledge the cooperation of management and staff in the conduct of our responsibilities.

29 March 2021

Mr. Tola Atekoja
Member, Audit Committee
FRC/2015/ICAN/00000011770

MEMBERS OF AUDIT COMMITTEE
Mr. Hakeem Shagaya - Chairman
Mallam Bello Gwandu
Mr. Bashiru Bakare
Chief Raymond Ihyembe
Mr. Tola Atekoja
Mr. Friday Odigue Ejere

Building a better working world

Ernst & Young
UBA House
10th & 13th Floor
57 Marina
P.O. Box 2442, Marina
Lagos, Nigeria

Tel: +234 (01) 844 9962
Fax: +234 (01) 844 9963
ey.com

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CAVERTON OFFSHORE SUPPORT GROUP PLC
Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of Caverton Offshore Support Group Plc ("the Company") and its subsidiaries (together, "the Group") which comprise the consolidated and separate statements of financial position as at 31 December 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2020, and their financial performance and cash flows for the year ended 31 December 2020 in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, and the relevant provisions of the Companies and Allied Matters Act, 2020 and the requirements of the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Building a better working world

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CAVERTON OFFSHORE SUPPORT GROUP PLC
Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Key Audit Matter	How the matter was addressed in the audit
Goodwill valuation and impairment	
The Group has a material goodwill balance with a carrying value of ₦6.0 billion representing 9% of the Group's total assets as at 31 December 2020. The goodwill resulted from past business acquisitions in respect of three cash generating units ("CGU") – Helicopter services, Marine services and Caverton Helicopter Cameroon. On an annual basis the Directors assess the valuation and impairment of goodwill which relies on key assumptions and judgements made by them concerning the estimated value of future cash flows, associated discount rates, and growth rates based on their view of future business prospects. The goodwill impairment test is a key audit matter as the balance involved is significant and the assessment process is complex and requires significant judgment. The significant inputs have been appropriately disclosed in Note 18.2 to the consolidated and separate financial statements.	We reviewed management's key assumptions used in the impairment model for goodwill by: • considering the cash flow projections through assessing the accuracy of historical budgeting process by comparing them with historically achieved results and benchmarking the consistency of the cash flow projections with industry data and trends; • benchmarking the perpetuity rates against industry and GDP growth rates; and • reviewing their adopted sensitivities to assess whether it reflects a reasonable possible change. • Assessing the valuation methodology; • Considering the reasonableness of key assumptions based on our knowledge of the business and industry; and • Reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets.

Key Audit Matter	How the matter was addressed in the audit
Impairment of financial assets	
The Group has financial assets which includes trade and other receivables which are significant to the consolidated and separate financial statements. The trade receivables are subject to impairment. The Group has gross trade receivables of N4.51 billion and allowance for impairment of N849.1 million, and other receivables of N13.05billion, as of 31 December 2020 as disclosed in Note 20 to the consolidated and separate financial statements. The airline industry continues to be impacted by certain macroeconomic challenges and was also significantly impacted by the Covid-19 pandemic and therefore the Group experienced uncertainty over the recoverability of its trade receivables from specific customers. The Group impairment of trade receivables is guided by the requirements of the International Financial Reporting Standards (IFRS 9) – Financial Instrument Recognition and Measurement for the computation of the expected credit loss (ECL). The ECL involves the application of judgement and estimation in determining inputs for ECL calculation. These estimates are driven by a number of factors, changes in which might lead to a significant impact in the impairment value.	We reviewed the IFRS 9 model prepared by the management for computation of impairment on financial assets in line with the requirements of IFRS 9. To verify that the ECL is determined using unbiased and probability-weighted estimates of the range of possible outcomes, we performed the following; • Verified that the portfolios were properly segmented using shared characteristics; • Recomputed a range estimate of historical loss rate and compared with clients estimate; • Verified that forward looking information such as macro-economic indicators such as interest rate, GDP growth, inflation rate, foreign exchange rate, etc. were equally challenged for reasonableness taking into consideration available information in the public domain; and • Reviewed the qualitative and quantitative disclosures for reasonableness to ensure conformity with IFRS 7 – Financial instruments Disclosures, and IFRS 9 disclosures.

Key Audit Matter	How the matter was addressed in the audit
Impairment of financial assets - Continued	
The impairment of financial assets is of significance to the audit due to the high level of subjectivity inherent in estimating the key assumption on the recoverability of the financial asset. This involved the use of reasonable and supportable information about the past, current (economic) conditions and forecast/future conditions. This information is obtained from within and outside the Group. This is a key audit matter because of the materiality of the amount and the involvement of judgment. The accounting policies and significant inputs on expected credit loss and details of receivables and impairment have been appropriately disclosed in Notes 3 and 20 to the consolidated and separate financial statements.	

Key Audit Matter	How the matter was addressed in the audit
Lease accounting	
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. As at 31 December 2020, the Group recognized right of use asset valued at N5.9 billion and Lease liabilities valued at N7.5 billion. The preparation of the Consolidated and separate financial statements in conformity with the International Financial Reporting Standards on leases requires management to make significant judgements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of accounting, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:	We carried out procedures to understand management's process for recognising right-of-use asset and lease liability. Our key audit procedures comprised the following: • We assessed the appropriateness and reasonableness of the lease term and renewal option used by management. • We evaluated key incentives considered by management in determining the renewal option which includes contractual terms and conditions for optional periods, significant leasehold improvements undertaken or expected to be undertaken over the lease term of the asset, significant economic benefit to be derived by the Group from the leasehold improvement, cost of terminating the lease, significant importance of the asset to the Group's operations. • We assessed the reasonableness of management's IBR used in measuring the lease liability and ROU asset. • We evaluated management's appropriateness of applying the same IBR to its portfolio of leases. • We involved an EY internal specialists to assist in evaluating management's key assumptions used in determining the IBR. • We further assessed the adequacy of the disclosures in Note 29 to the consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
Lease accounting - Continued	
‣ determining the lease term of contracts with renewal option and applying judgement if it is reasonably certain whether or not to exercise the option to renew the lease; ‣ estimating the incremental borrowing rate (IBR) which requires estimation in measuring lease liabilities as the Group cannot readily determine the interest rate implicit in the lease. This is a key audit matter due to the materiality of the amount involved and the judgments required by Management in establishing the underlying key assumptions. The significant inputs and details of the recognized right of use assets and lease liabilities have been appropriately disclosed in Note 29 to the consolidated and separate financial statements.	

Key Audit Matter	How the matter was addressed in the audit
Existence and valuation of inventories	
The Group carries inventory with total value of N6.50billion (Note 19) relating to the helicopter business and N3.14billion was recognized as direct operating expense for inventory carried at net realisable value in Caverton Helicopters Limited, a subsidiary of the Group. In the absence of a perpetual inventory system that monitors the movements of inventory, age analysis and inventory count which are usually conducted at the end of the year, and the Software Asset Management (inventory system) not interfacing with the SAP accounting software, the possibility of identifying slow moving and unusable inventory items may be judgmental and based on management assessment. In view of the materiality of balances related to inventory and the risk associated with existence and valuation of inventory as discussed above, this is considered a key audit matter (Note 19).	• We reviewed the valuation of inventories to verify that it is performed in compliance with the Group's accounting policies and applicable financial standard. • We observed the year-end inventory count. • We carried out a detailed testing on selected inventory items with focus on valuation at year-end. • We reviewed the year-end inventory valuation taken into consideration the observed year-end inventory count report. • We performed cut-off procedures to confirm that inventory purchased were recorded in their appropriate period. • We reviewed the adequacy of provision made taking into consideration the lower of cost and net realisable value.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CAVERTON OFFSHORE SUPPORT GROUP PLC
Report on the Audit of the Consolidated and Separate Financial Statements - Continued

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee Report, Corporate Governance Report, Statement of Value Added and Five-Year Financial Summary as required by the Companies and Allied Matters Act, 2020 which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditors' report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act, No. 6, 2011, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

• Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

EY
Building a better working world

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CAVERTON OFFSHORE SUPPORT GROUP PLC
Report on the Audit of the Consolidated and Separate Financial Statements - Continued

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and 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

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, 2020, we confirm that:

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

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

iii) the Group's and the Company's consolidated and separate statements of financial position and consolidated and separate statements of profit or loss and other comprehensive income are in agreement with the books of account.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
0366099

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

30 March 2021

CAVERTON OFFSHORE SUPPORT GROUP PLC

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

FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Note	2020 ₦'000	2019 ₦'000	2020 ₦'000	2019 ₦'000
Revenue from contracts with customers	5	32,172,597	34,978,264	-	-
Other revenue	5.2	-	-	569,250	990,000
Cost of sales	6	(18,590,798)	(20,256,687)	-	-
Gross profit		13,581,799	14,721,577	569,250	990,000
Administrative expenses	7	(6,004,829)	(7,057,349)	(184,935)	(258,367)
Credit loss (expense)/reversal	8	(164,950)	940,779	202,839	(165,553)
Net foreign exchange difference	9	(2,354,539)	403,535	-	-
Other income	10	227,630	1,565,981	-	-
Operating profit		5,285,111	10,574,523	587,154	566,080
Finance income	11	3,489	102,067	3,152	567
Finance costs	12	(4,033,827)	(3,430,677)	-	-
Share of profit/(loss) of an associate	18.1.4	9,702	(3,711)	-	-
Profit before taxation		1,264,475	7,242,202	590,306	566,647
Income tax (expense)/credit	13.1	(80,702)	(2,861,384)	(7,748)	161,933
Profit after taxation		1,183,773	4,380,818	582,558	728,580
Other comprehensive income:					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):					
Share of other comprehensive income/(loss) of an associate	18.1.4	858	(259)	-	-
Exchange differences on translation of foreign operations	14	(26,344)	6,142	-	-
Other comprehensive (loss)/income for the year, net of tax		(25,486)	5,883	-	-
Total comprehensive income for the year, net of tax		1,158,287	4,386,701	582,558	728,580
Profit attributable to:					
Equity holders of the parent		1,172,793	4,336,665	582,558	728,580
Non-controlling interests		10,980	44,153	-	-
		1,183,773	4,380,818	582,558	728,580
Total comprehensive income attributable to:					
Equity holders of the parent		1,147,298	4,342,551	582,558	728,580
Non-controlling interests		10,989	44,150	-	-
		1,158,287	4,386,701	582,558	728,580
Basic/Diluted earnings per share (₦)	15.1	0.35	1.29	0.17	0.22

See notes to the consolidated and separate financial statements

CAVERTON OFFSHORE SUPPORT GROUP PLC
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020	2019	2020	2019
		₦'000	₦'000	₦'000	₦'000
Assets					
Non-current assets					
Property, plant and equipment	16	30,083,703	30,342,476	-	-
Intangible assets	17	3,489	-	-	-
Right-of-use assets	29	5,882,415	5,820,993	-	-
Goodwill	18.2	6,026,909	6,026,909	-	-
Investment in subsidiaries	18.1.2	-	-	8,514,000	8,514,000
Investment in associates	18.1.4	19,476	8,916	3,673	3,673
Deferred taxation	13.5	391,442	384,147	271,336	277,653
		42,407,434	42,583,441	8,789,009	8,795,326
Current Assets					
Inventories	19	6,498,031	5,648,238	-	-
Trade and other receivables	20	17,280,415	16,468,910	1,179,818	1,337,537
Prepayments	22	6,748	5,805	-	-
Cash and bank balances	23	1,322,043	1,134,103	56,980	72
		25,107,237	23,257,056	1,236,798	1,337,609
Total assets		67,514,671	65,840,497	10,025,807	10,132,935
Equity					
Ordinary share capital	24	1,675,255	1,675,255	1,675,255	1,675,255
Share premium	24	6,616,991	6,616,991	6,616,991	6,616,991
Retained earnings		13,492,705	12,990,014	1,115,610	1,203,154
Foreign currency translation reserve		26,155	51,650	-	-
Equity attributable to equity holders of the parent		21,811,106	21,333,910	9,407,856	9,495,400
Non-controlling interests		152,089	146,850	-	-
Total equity		21,963,195	21,480,760	9,407,856	9,495,400

CAVERTON OFFSHORE SUPPORT GROUP PLC
Consolidated and separate statement of financial position - *Continued*
For the year ended 31 December 2020

	Note	Group		Company	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
		₦'000	₦'000	₦'000	₦'000
Non -current liabilities					
Interest bearing loans and borrowings	25	9,740,796	15,087,562	-	-
Deferred taxation	13.5	1,583,383	2,000,386	-	-
Lease liabilities	29	4,881,474	5,084,205	-	-
		16,205,653	22,172,153	-	-
Current liabilities					
Trade and other payables	28	13,519,654	14,601,367	611,537	627,601
Contract liabilities	27	1,312,720	2,477,168	-	-
Interest bearing loans and borrowings	25	11,106,352	1,486,208	-	-
Income tax payable	13.3	773,782	1,971,446	6,414	9,934
Lease liabilities	29	2,633,315	1,651,395	-	-
		29,345,823	22,187,584	617,951	637,535
Total liabilities		45,551,476	44,359,737	617,951	637,535
Total equity and liabilities		67,514,671	65,840,497	10,025,807	10,132,935

These consolidated and separate financial statements were approved by the Board of Directors on 29 March 2021 and signed on their behalf by:

Olabode Makanjuola	Chesa Okoroafor	Akin Kekere-Ekun
Chief Executive Officer	Group Chief Finance Officer	Director
FRC/2013/IODN/00000002456	FRC/2014/ICAN/00000009850	FRC/2015/CIBN/00000011600

CAVERTON OFFSHORE SUPPORT GROUP PLC
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

Group

	Attributable to the equity holders of the parent						
	Issued Share capital	Share premium	Retained earnings	Foreign currency translation reserve	Total	Non - controlling interest	Total Equity
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
As at 1 January 2020	1,675,255	6,616,991	12,990,014	51,650	21,333,910	146,850	21,480,760
Profit for the year	-	-	1,172,793	-	1,172,793	10,980	1,183,773
Other comprehensive loss	-	-	-	(25,495)	(25,495)	9	(25,486)
Total comprehensive income/(loss)	-	-	1,172,793	(25,495)	1,147,298	10,989	1,158,287
Dividend	-	-	(670,102)	-	(670,102)	-	(670,102)
Dividend to NCI from CHL	-	-	-	-	-	(5,750)	(5,750)
As at 31 December 2020	1,675,255	6,616,991	13,492,705	26,155	21,811,106	152,089	21,963,195
As at 1 January 2019	1,675,255	6,616,991	9,490,976	45,764	17,828,986	112,700	17,941,686
Profit for the year	-	-	4,336,665	-	4,336,665	44,153	4,380,818
Other comprehensive income	-	-	-	5,886	5,886	(3)	5,883
Total comprehensive income	-	-	4,336,665	5,886	4,342,551	44,150	4,386,701
Dividend	-	-	(837,627)	-	(837,627)	-	(837,627)
Dividend to NCI from CHL	-	-	-	-	-	(10,000)	(10,000)
At 31 December 2019	1,675,255	6,616,991	12,990,014	51,650	21,333,910	146,850	21,480,760

Company	Issued Share capital	Share premium	Retained earnings	Total
	₦'000	₦'000	₦'000	₦'000
As at 1 January 2020	1,675,255	6,616,991	1,203,154	9,495,400
Profit for the year	-	-	582,558	582,558
Dividend	-	-	(670,102)	(670,102)
As at 31 December 2020	1,675,255	6,616,991	1,115,610	9,407,856
As at 1 January 2019	1,675,255	6,616,991	1,312,201	9,604,447
Profit for the year	-	-	728,580	728,580
Dividend	-	-	(837,627)	(837,627)
At 31 December 2019	1,675,255	6,616,991	1,203,154	9,495,400

See notes to the consolidated and separate financial statements.

CAVERTON OFFSHORE SUPPORT GROUP PLC

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 ₦'000	Group 2019 ₦'000	Company 2020 ₦'000	Company 2019 ₦'000
Cash flows from operating activities					
Profit before taxation		1,264,475	7,242,202	590,306	566,647
Non-cash adjustment to reconcile profit before tax to net cash flows:					
Depreciation of property, plant and equipment	16	1,987,688	2,001,109	-	-
Depreciation of right-of-use assets	29	2,615,574	1,635,861	-	-
Amortisation of intangible assets	17	92	1,823	-	-
Advance released into profit or loss	27	(1,577,429)	-	-	-
Government grant released into profit or loss	26	(166,888)	(137,502)	-	-
Effect of foreign exchange difference	9	2,354,539	(403,535)	-	-
Share of loss of an associate	18.1.4	(9,702)	3,711	-	-
Gain on disposal of property, plant and equipment	10	-	(762,421)	-	-
Credit loss expense/(reversal)	8	164,950	(940,779)	(202,839)	165,553
Finance costs	12	4,033,827	3,430,677	-	-
Finance income	11	(3,489)	(102,067)	(3,152)	(567)
		10,663,637	11,969,079	384,315	731,633
Working capital adjustment:					
Increase in inventories		(849,793)	(2,061,573)	-	-
(Increase)/decrease in trade and other receivables		(3,164,106)	(1,140,928)	360,558	603,910
(Increase)/decrease in prepayments		(943)	15,810	-	-
Increase/(Decrease) in trade and other payables		441,507	(3,269,236)	(686,166)	(1,325,128)
Increase in contract liabilities		412,981	2,262,275	-	-
		7,503,283	7,775,427	58,707	10,415
Income tax paid during the year	13.3	(1,702,664)	(116,570)	(4,951)	(11,699)
Net cash flows from/(used in) operating activities		5,800,619	7,658,857	53,756	(1,284)

CAVERTON OFFSHORE SUPPORT GROUP PLC

Consolidated and separate statement of cash flows - *Continued*

For the year ended 31 December 2020

	Note	Group 2020 ₦'000	Group 2019 ₦'000	Company 2020 ₦'000	Company 2019 ₦'000
Cash flows from investing activities					
Purchase of property, plant and equipment	16	(1,725,557)	(3,846,354)	-	-
Acquisition of intangible asset	17	(3,581)	-	-	-
Proceeds from disposal of property, plant and equipment		-	3,041,018	-	-
Interest income		3,489	102,067	3,152	567
Net cash (used in)/from investing activities		(1,725,649)	(703,269)	3,152	567
Cash flows from financing activities					
Proceeds from loans and borrowings	25	8,136,671	9,006,526	-	-
Repayment of principal portion of loans and borrowings	25	(5,925,248)	(12,898,217)	-	-
Payment of principal portion of lease liabilities	29	(4,359,849)	(2,336,073)	-	-
Interest paid	25	(1,738,604)	(1,799,316)	-	-
Net cash used in financing activities		(3,887,030)	(8,027,080)	-	-
Net increase/(decrease) in cash and cash equivalents		187,940	(1,071,492)	56,908	(717)
Cash and cash equivalents at the beginning of the year		1,134,103	2,205,595	72	789
Cash and cash equivalents at the end of the year	23	1,322,043	1,134,103	56,980	72

See notes to the consolidated and separate financial statements.

1. Corporate information

Caverton Offshore Support Group Plc (the Company or the parent) is a limited liabilities company incorporated and domiciled in Nigeria. The registered office is located at 1, Prince Kayode Akingbade Close, Off Muri Okunola Street, Victoria Island, Lagos, Nigeria.
The Group is principally engaged in the provision of offshore services to the oil and gas industry, harbour and general marine operations; and the provision of charter, shuttle and maintenance services of helicopters and airplanes to third parties. Information on the Group's structure and other related party relationships of the Group is provided in Note 30.

The consolidated and separate financial statements of Caverton Offshore Support Group Plc and its subsidiaries (collectively, the Group) for the year ended 31 December 2020 were authorized for issue in accordance with a resolution of the directors on 29 March 2021.

2. Significant accounting policies

2.1 Basis of preparation

The Group prepared its consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated and separate financial statements also comply with the requirements of the Companies and Allied Matters Act, 2020 and Financial Reporting Council of Nigeria Act No. 6, 2011.The consolidated and separate financial statements have been prepared on a going concern basis.

Functional and presentation currency

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

Composition of financial statements

The financial statements comprise:

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

2.2 Basis of consolidation - Continued

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

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

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

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

2.3 Summary of significant accounting policies

a) Business combinations and goodwill

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

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

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

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

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

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

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

2.3 Summary of significant accounting policies - Continued

Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

b) Investment in associates

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

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

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

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

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

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

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

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

2.3 Summary of significant accounting policies - Continued

c) Fair value measurement

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

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

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

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

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

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

d) Revenue from contracts with customers

The Group is in the business of providing aviation and marine services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

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

Provision of Aviation Services

Revenue from providing aviation services is recognised over time since the customer simultaneously receives and consumes the benefit provided by the Group. Satisfactory performance of the service is measured using an output method based on flight hours provided and the associated charge per hour.

Provision of Marine Services

Revenue from providing marine services is recognised over time since the customer simultaneously receives and consumes the benefit provided by the Group. Satisfactory performance of the service is measured using an output method based on total quantity of goods discharged on behalf of customers and rate charged to customers.

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

Significant financing component

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

Contract balances

• Contract assets

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

• Trade receivables

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

• Contract liabilities

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

e) Government grants

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

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

f) Corporate taxes

Current income tax

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

Deferred taxation

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

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

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

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

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

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

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

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

Value Added Tax

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

- When the Value Added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the Value Added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of Value Added tax included

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

g) Foreign currencies

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

Transactions and balances

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

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

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

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

Group companies

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

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

h) Dividend Distributions

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

i) Property, plant and equipment

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

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

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

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

Property, Plant and Equipment	Years
Leasehold land	87
Building and structures	15 - 40
Aircraft	8 - 10
Vessels	5 - 15
Plant and Machinery	3 - 10
Aircraft equipment	15 - 20
Motor Vehicle	3
Furniture, fittings and office equipment	4

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss when the asset is derecognised.

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

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

j) Leases

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

Group as a lessee

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

i) Right-of-use assets (ROU)

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

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

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

ii) Lease liabilities

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

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

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

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

Group as a lessor

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

k) Borrowing costs

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

l) Intangible assets

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

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

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

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

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

m) Financial instruments – initial recognition and subsequent measurement

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

i) Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

  And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

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

Derecognition

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

- The rights to receive cash flows from the asset have expired

  Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

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

Impairment of financial assets

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

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

For trade receivables, intercompany receivables (involving sales in the ordinary course of business) and contract assets, 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 fixed deposits and staff loans, the Group applies general approach in calculating ECLs. It is the Group's policy to measure ECLs on such asset on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

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

The 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
- Exchange rate
- Inflation rate

Write-offs

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

ii) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial liabilities at amortised cost

Loans and borrowings

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

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

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

Derecognition

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

iii) Offsetting of financial instruments

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

n) Inventories

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

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

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

o) Impairment of non-financial assets

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

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

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

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

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

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

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

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

p) Cash and short-term deposit

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

q) Provisions

General

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

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

Contingencies

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

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

r) Pensions and other post-employment benefits

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

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

s) Key management personnel

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

t) Earnings per share

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

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

2.4 Changes in accounting policies and disclosures

New and amended standards and interpretations

The group and the Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The group and Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated and separate financial statements of the Group and Company, but may impact future periods should the Group and Company enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated and separate financial statements of the Group and Company as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated and separate financial statements of the Group and Company.

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

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

► A specific adaptation for contracts with direct participation features (the variable fee approach)
► A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group and Company.

2.5 Standards issued but not yet effective - Continued

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

On 27 August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform. Effective for annual periods beginning on or after 1 January 2021.

The amendments provide temporary reliefs which address the financial reporting effects when an intergroup offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments is not expected to have a significant impact on the consolidated and separate financial statements of Caverton.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements. Effective for annual periods beginning on or after 1 January 2022.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments to IFRS 3 is not expected to have a significant impact on the consolidated and separate financial statements of Caverton.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

Effective for annual periods beginning on or after 1 January 2022.

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments to IFRS 16 is not expected to have a significant impact on the consolidated and separate financial statements.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. Effective for annual periods beginning on or after 1 January 2022.

The amendments are intended to provide clarity and help ensure consistent application of the standard. Entities that previously applied the incremental cost approach will see provisions increase to reflect the inclusion of costs related directly to contract activities, whilst entities that previously recognised contract loss provisions using the guidance from the former standard, IAS 11 Construction Contracts, will be required to exclude the allocation of indirect overheads from their provisions. Judgement will be required in determining which costs are "directly related to contract activities", but we believe that guidance in IFRS 15 Revenue from Contracts with Customers will be relevant.

The amendments to IAS 37 is not expected to have a significant impact on the consolidated and separate financial statements.

IFRS 1 First-time Adoption of International Financial Reporting Standards: Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. These amendments had no impact on the financial statements of the Group and of the Company.

IFRS 9 Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. An entity applies the amendment for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted. These amendments had no impact on the financial statements of the Group and Company.

2.5 Standards issued but not yet effective - Continued

IAS 41 Agriculture: Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted. This amendment had no impact on the financial statements of the Group and Company.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. Effective for annual periods beginning on or after 1 January 2022.

The amendments clarify:
• What is meant by a right to defer settlement
• That a right to defer must exist at the end of the reporting period
• That classification is unaffected by the likelihood that an entity will exercise its deferral right
• That only if an embedded derivative in a convertible liability is itself an equity instrument
The amendments to IAS 1 is not expected to have a significant impact on the consolidated and separate financial statements.

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

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The amendments address the conflict between IFRS 10 Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments to IFRS 10 and IAS 28 is not expected to have a significant impact on the consolidated and separate financial statements.

3. Significant accounting judgements, estimates and assumptions

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

Judgements

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

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

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

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

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

Discount rate used to determine the incremental borrowing rate

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

Discount rate used to determine the incremental borrowing rate - Continued

The Group estimates the IBR using the following steps:

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

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

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

Measurement of the expected credit loss allowance for financial asset

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade and other receivables is disclosed in Note 31.

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Property, Plant and Equipment (PPE)

The Group carries its property, plant and equipment at cost in the statement of financial position. Estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the assets are determined by management at the time the asset is acquired and reviewed annually. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The Group reviewed and estimated the useful lives and residual values of its property, plant and equipment, and account for such changes prospectively. The information about the PPE is disclosed in Note 16.

Impairment of goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. For assumptions and estimates relating to the impairment of goodwill refer to Note 18.2.

Income taxes

Given uncertainties exist with respect to the interpretation of complex tax regulations coupled with the amount and timing of future taxable income as well as the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible tax implications that may result in tax liabilities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the prevailing circumstances. The information about the income taxes is disclosed in Note 13.

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

4 Segment information

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

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

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

Segment profit or loss

December 2020	Helicopter Charter Services ₦'000	Marine Services ₦'000	All Other Segments ₦'000	Total Segments ₦'000	Adjustments and Eliminations ₦'000	Consolidated ₦'000
Revenue						
External customers	30,664,430	194,726	1,313,441	32,172,597	-	32,172,597
Inter-segment	-	-	-	-	(569,250)	(569,250)
Total revenue	30,664,430	194,726	1,313,441	32,172,597	(569,250)	31,603,347
Depreciation and amortization	(2,051,367)	(51,616)	(2,500,371)	(4,603,354)	-	(4,603,354)
Finance cost	(4,032,983)	-	(844)	(4,033,827)	-	(4,033,827)
Finance income	268	138	3,083	3,489	-	3,489
Segment Profit/(loss)	1,115,784	745	147,946	1,264,475	(569,250)	1,264,475
Total assets	56,618,483	3,979,650	3,530,631	64,128,764	3,385,907	67,514,671
Total liabilities	16,068,587	102,039	688,261	16,858,887	28,692,589	45,551,476
Other disclosures						
Capital expenditure	1,725,557	-				

Segment profit or loss

December 2019	Helicopter Charter Services ₦'000	Marine Services ₦'000	All Other Segments ₦'000	Total Segments ₦'000	Adjustments and Eliminations ₦'000	Consolidated ₦'000
Revenue						
External customers	33,468,823	192,550	2,306,891	35,968,264	-	35,968,264
Inter-segment	-	-	-	-	(990,000)	(990,000)
Total revenue	33,468,823	192,550	2,306,891	35,968,264	(990,000)	34,978,264
Depreciation and amortization	(3,584,173)	(51,001)	(3,619)	(3,638,793)	-	(3,638,793)
Finance cost	(3,430,521)	-	(156)	(3,430,677)	-	(3,430,677)
Finance income	23,332	78,168	567	102,067	-	102,067
Segment Profit/(loss)	6,815,173	520,130	896,899	8,232,202	(990,000)	7,242,202
Total assets	58,260,501	335,179	4,015,697	62,611,377	3,229,120	65,840,497
Total liabilities	18,217,012	104,805	1,255,636	19,577,453	24,782,284	44,359,737
Other disclosures						
Capital expenditure	3,829,687	6,259				

4 Segment information - Continued

Adjustments and eliminations - Continued

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

Reconciliation of profit	2020	2019
	₦'000	₦'000
Segment profit	1,264,475	8,232,202
Elimination of inter segment revenue	(569,250)	(990,000)
Profit Before Tax	1,264,475	7,242,202
Reconciliation of assets		
Segment operating assets	64,128,764	62,611,377
Deferred tax assets	391,442	384,147
Goodwill	6,026,909	6,026,909
Receivables from related party	(3,032,444)	(3,181,936)
Total Assets	67,514,671	65,840,497
Reconciliation of liabilities		
Segment operating liabilities	16,858,887	19,577,453
Deferred tax liabilities	1,583,383	2,000,386
Income tax payable	773,782	1,971,446
Interest bearing loans and borrowings	20,847,148	16,573,770
Lease liabilities	7,514,789	6,735,600
Payables from related party	(2,026,513)	(2,498,918)
Total liabilities	45,551,476	44,359,737

5 Revenue from contracts with customers

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Helicopter Charter	1,083,982	924,761	-	-
Helicopter maintenance	50,902	99,998	-	-
Helicopter/Airplane contract	30,842,338	33,716,545	-	-
Charter income	99,500	99,500	-	-
Agency service income	95,875	137,460	-	-
	32,172,597	34,978,264	-	-

5.1 Disaggregated revenue information

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

For the year ended 31 December 2020

Segments	Total	Helicopter Charter	Helicopter maintenance	Helicopter/Airplane contract	Charter income	Agency service income
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Geographical markets						
Within Nigeria	30,859,156	1,083,982	50,902	29,529,546	99,500	95,226
Outside Nigeria	1,313,441	-	-	1,312,792	-	649
Total revenue from contracts with customers	32,172,597	1,083,982	50,902	30,842,338	99,500	95,875

5.1 Disaggregated revenue information - Continued

Segments	Total	Helicopter Charter	Helicopter maintenance	Helicopter/Airplane contract	Charter income	Agency service income
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Timing of revenue recognition						
Goods transferred at a point in time	-	-	-	-	-	-
Services transferred over time	32,172,597	1,083,982	50,902	30,842,338	99,500	95,875
Total revenue from contracts with customers	32,172,597	1,083,982	50,902	30,842,338	99,500	95,875

For the year ended 31 December 2019

Segments	Total	Helicopter Charter	Helicopter maintenance	Helicopter/Airplane contract	Charter income	Agency service income
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Geographical markets						
Within Nigeria	33,661,373	924,761	99,998	32,444,064	99,500	93,050
Outside Nigeria	1,316,891	-	-	1,272,481	-	44,410
Total revenue from contracts with customers	34,978,264	924,761	99,998	33,716,545	99,500	137,460
Timing of revenue recognition						
Goods transferred at a point in time	-	-	-	-	-	-
Services transferred over time	34,978,264	924,761	99,998	33,716,545	99,500	137,460
Total revenue from contracts with customers	34,978,264	924,761	99,998	33,716,545	99,500	137,460

5.1.1 Performance obligations

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

Helicopter Charter

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

Helicopter maintenance

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

Helicopter/Airplane contract

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

	2020	2019
Contract balances	₦'000	₦'000
Trade receivables (Note 20)	3,662,903	3,945,993
Contract liabilities (Note 27)	1,312,720	2,477,168

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. In 2020, N849million (2019:N684million) was recognised as provision for expected credit losses on trade receivables.

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

5.2 Other revenue

	Group 2020	Group 2019	Company 2020	Company 2019
	₦'000	₦'000	₦'000	₦'000
Dividend income	-	-	569,250	990,000
	-	-	569,250	990,000

All revenue generating activity are from rendering of services. The company is a holding company that generates revenue in form of dividend from its subsidiaries and do not have any direct operating income or cost.

6 Cost of Sales

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Crew Salaries (Note 7.1)	8,303,252	9,237,568	-	-
Charter hire	11,278	18,716	-	-
Aircraft insurance premium	1,317,430	867,486	-	-
Depreciation - ROU	2,494,391	1,534,145	-	-
Consumables	6,464,447	8,598,772	-	-
	18,590,798	20,256,687	-	-

i. Depreciation - ROU relates to depreciation on aircraft.

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

7 Administrative expenses

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Audit fee	47,376	44,574	9,500	9,500
Amortisation of intangible asset	92	1,823	-	-
Business development	7,546	17,455	-	998
Commission	2,033	-	-	-
Communication	86,201	54,694	-	-
Depreciation - PPE	1,987,688	2,001,109	-	-
Depreciation - ROU	121,183	101,716	-	-
Donation	14,252	7,820	-	-
Employee benefit expense (Note 7.1)	1,765,876	2,566,704	94,615	131,967
Entertainment	50,719	52,395	-	-
Fuel and diesel	71,898	77,893	-	-
General office expenses	2,455	1,200	-	-
Insurance	57,398	122,029	-	-
Legal and professional fees	58,825	95,716	13,713	14,140
Licence and levy	311,774	214,362	-	-
Other expenses	612,656	754,166	66,957	101,762
Postages	54	-	-	-
Printing	6,095	9,346	-	-
Repairs and maintenance	161,569	106,024	150	-
Short-term leases	59,700	191,077	-	-
Security	104,529	88,985	-	-
Sanitation	14,775	8,445	-	-
Subscriptions	190,719	1,016	-	-
Training	1,200	-	-	-
Transport and travels	268,216	538,800	-	-
	6,004,829	7,057,349	184,935	258,367

Other expenses consist of fueling, licenses and renewal permit, freight and courier; and other admin related costs incurred by the Group and the Company during the year. Depreciation - ROU relates to depreciation on staff residents and office apartment.

7.1 Employees benefit expenses includes:

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Administrative expenses				
Salaries and wages	1,157,246	1,398,693	-	-
Key management expenses	359,379	593,824	94,615	131,967
Pension fund	54,416	292,352	-	-
Allowance	27,413	92,233	-	-
Staff welfare	167,422	189,602	-	-
	1,765,876	2,566,704	94,615	131,967
Cost of Sales				
Crew Salaries (Note 6)	8,303,252	9,237,568	-	-
	10,069,128	11,804,272	94,615	131,967

8 Credit loss expense/(reversal)

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

2020	Group			Company		
	Stage 1 Collective	Simplified Model	Total	Stage 1 Collective	Simplified Model	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Trade receivables	-	164,950	164,950	-	-	-
Related party receivables	-	-	-	(202,839)	-	(202,839)
	-	164,950	164,950	(202,839)	-	(202,839)

2019	Group			Company		
	Stage 1 Collective	Simplified Model	Total	Stage 1 Collective	Simplified Model	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Trade receivables	-	(940,779)	(940,779)	-	-	-
Related party receivables	-	-	-	165,553	-	165,553
	-	(940,779)	(940,779)	165,553	-	165,553

9 Net foreign exchange difference

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Exchange gain	(1,359,322)	(531,087)	-	-
Exchange loss	3,713,861	127,552	-	-
	2,354,539	(403,535)	-	-

10 Other income

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Profit on disposal of PPE	-	762,421	-	-
Sundry income	60,742	666,058	-	-
Grant Income	166,888	137,502	-	-
	227,630	1,565,981	-	-

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

*Grant income recognized during the year as other income relates to the income-provision for Federal Government of Nigeria (FGN) Covid'19 palliative grant for the aviation industry. See Note 26. Grant income in 2019 relates to the loan obtained from BOI at below the market rate. There are no unfulfilled conditions or contingencies attached to this grant.

11 Finance income

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Interest income on bank balance	3,489	102,067	3,152	567
	3,489	102,067	3,152	567

12 Finance costs

	Group		Company	
	2020	2019	2020	2019
Interest expense calculated using the effective interest method:	₦'000	₦'000	₦'000	₦'000
Interest on debts and borrowings	1,738,604	1,799,316	-	-
Interest expense calculated using incremental borrowing rate:				
Interest on lease liabilities	2,295,223	1,631,361	-	-
	4,033,827	3,430,677	-	-

13 Income tax

13.1 Income tax expense/(credit) per Statement of profit or loss

	Group 2020 ₦'000	Group 2019 ₦'000	Company 2020 ₦'000	Company 2019 ₦'000
Current income tax:				
Company income tax	430,894	1,606,993	-	-
Education tax	74,106	141,669	-	-
Minimum tax	-	104,873	1,431	4,950
Under provision in prior years	-	102,273	-	-
	505,000	1,955,808	1,431	4,950
Deferred tax (credit)/charge	(424,298)	905,576	6,317	(166,883)
Income tax expense/(credit) reported in profit or loss	80,702	2,861,384	7,748	(161,933)

13.2 Reconciliation of effective tax rate

Reconciliation between tax expense and the product of accounting profit multiplied by Caverton's domestic tax rate for the year ended 31 December 2020 and 2019 is as follows:

	Group 2020 ₦'000	Group 2019 ₦'000	Company 2020 ₦'000	Company 2019 ₦'000
Accounting profit before tax	1,264,475	7,242,202	590,306	566,647
Statutory income tax @ 30%	379,343	2,172,661	177,092	169,994
Impact of disallowable expenses for tax purpose	942,642	442,181	-	-
Impact of non-taxable income	(1,315,388)	-	(170,775)	(336,877)
Education tax @ 2% of assessable profit	74,106	141,669	-	-
Minimum tax	-	104,873	1,431	4,950
Income tax expense/(credit) reported in statement of profit or loss	80,702	2,861,384	7,748	(161,933)
At the effective income tax rate	6%	40%	1%	-29%

13.3 Income tax payable per statement of financial position

	Group 2020 ₦'000	Group 2019 ₦'000	Company 2020 ₦'000	Company 2019 ₦'000
At 1 January	1,971,446	1,077,430	9,934	66,398
Charge/(payment) in the year:				
Tax charge for the year	505,000	1,853,535	1,431	4,950
Under provision in prior year	-	102,273	-	-
Payments during the year	(1,702,664)	(116,570)	(4,951)	(11,699)
Witholding tax credit utilized	-	(945,222)	-	(49,715)
At 31 December	773,782	1,971,446	6,414	9,934

13.4 Deferred tax relates to the following:

Reconciliation of Deferred tax (asset) and liabilities

	Group 2020 ₦'000	Group 2019 ₦'000	Company 2020 ₦'000	Company 2019 ₦'000
At 1 January	1,616,239	710,663	(277,653)	(110,770)
Charge for the year - Tax income/(expense) during the period recognised in profit or loss.	(424,298)	905,576	6,317	(166,883)
At 31 December	1,191,941	1,616,239	(271,336)	(277,653)

	Group 2020 ₦'000	Group 2019 ₦'000	Company 2020 ₦'000	Company 2019 ₦'000
Accelerated depreciation for tax purposes	2,334,521	1,315,334	-	-
Unrealised tax loss	(242,345)	(187,811)	(242,345)	(187,811)
Unrealised exchange difference	(706,362)	403,535	-	-
Credit loss allowance	(193,873)	85,181	(28,991)	(89,842)
At 31 December	1,191,941	1,616,239	(271,336)	(277,653)

13.5 Net deferred tax assets/(liabilities)

Reflected in the statement of financial position as follows:

	Group 2020 ₦'000	Group 2019 ₦'000	Company 2020 ₦'000	Company 2019 ₦'000
Deferred tax assets	(391,442)	(384,147)	(271,336)	(277,653)
Deferred tax liabilities	1,583,383	2,000,386	-	-
Net deferred tax liabilities/(assets)	1,191,941	1,616,239	(271,336)	(277,653)

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

14 Other comprehensive loss/(income)

	Group 2020 ₦'000	Group 2019 ₦'000	Company 2020 ₦'000	Company 2019 ₦'000
Exchange differences on translation of foreign operations	26,344	(6,142)	-	-
Share of other comprehensive (income)/loss of an associate	(858)	259	-	-
	25,486	(5,883)	-	-

15 Earnings per share

	Group 2020 ₦'000	Group 2019 ₦'000	Company 2020 ₦'000	Company 2019 ₦'000
Authorised shares:				
5,000,000,000 ordinary shares of 50k each	2,500,000	2,500,000	2,500,000	2,500,000
Issued and fully paid				
3,350,509,750 ordinary shares of 50k each	1,675,255	1,675,255	1,675,255	1,675,255

15.1 Earnings per share

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

	Group 2020 ₦'000	Group 2019 ₦'000	Company 2020 ₦'000	Company 2019 ₦'000
Profit attributable to equity holders (Parent) (₦'000)	1,172,793	4,336,665	582,558	728,580
Average number of shares outstanding('000)	3,350,510	3,350,510	3,350,510	3,350,510
Basic/Diluted earnings per share (₦)	0.35	1.29	0.17	0.22

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

16 Property, plant and equipment

GROUP	Leasehold Land	Building structures	Aircraft	Plant and Machinery	Aircraft Equipment	Motor Vehicles	Furniture fittings and office Equipment	Construction WIP	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Costs									
At 1 January 2019	5,470,965	3,662,521	22,424,815	69,319	312,009	254,829	412,065	7,270,621	39,877,144
Addition	-	-	1,212,989	46,584	198	87,588	48,849	2,450,146	3,846,354
Disposal	-	-	(3,453,609)	-	-	-	-	-	(3,453,609)
Exchange difference	-	-	-	-	-	(469)	(367)	-	(836)
At 31 December 2019	5,470,965	3,662,521	20,184,195	115,903	312,207	341,948	460,547	9,720,767	40,269,053
Addition	-	-	-	1,362	910	24,546	10,301	1,688,438	1,725,557
Disposal	-	-	-	-	-	(45,380)	-	-	(45,380)
Exchange difference	-	-	-	-	-	2,399	3,821	-	6,220
At 31 December 2020	5,470,965	3,662,521	20,184,195	117,265	313,117	323,513	474,669	11,409,205	41,955,450
Depreciation									
At 1 January 2019	315,981	1,845,641	6,220,514	58,142	101,969	185,056	380,672	-	9,107,975
Charge for the year	62,779	167,404	1,672,043	6,192	45,597	31,954	15,140	-	2,001,109
Disposal	-	-	(1,175,012)	-	-	-	-	-	(1,175,012)
Exchange difference	-	-	-	-	-	(7,232)	(263)	-	(7,495)
At 31 December 2019	378,760	2,013,045	6,717,545	64,334	147,566	209,778	395,549	-	9,926,577
Charge for the year	63,176	169,966	1,613,032	13,602	45,219	56,508	26,185	-	1,987,688
Disposal	-	-	-	-	-	(45,380)	-	-	(45,380)
Exchange difference	-	-	-	-	-	4,424	(1,562)	-	2,862
At 31 December 2020	441,936	2,183,011	8,330,577	77,936	192,785	225,330	420,172	-	11,871,747
Net Book Value									
At 31 December 2020	5,029,029	1,479,510	11,853,618	39,329	120,332	98,183	54,497	11,409,205	30,083,703
At 31 December 2019	5,092,205	1,649,476	13,466,650	51,569	164,641	132,170	64,998	9,720,767	30,342,476

Some Aircraft are used as collateral for borrowing.

Capitalised borrowing costs

The Group started the construction of a new Maintenance, Repair and Overhaul (MRO) facility in 2015. This project is expected to be completed in 2021. The carrying amount of the facility at 31 December 2020 was N11.4billion (2019: N9.7billion). The MRO facility is financed with a bank loan. The amount of borrowing costs capitalised during the year ended 31 December 2020 was N107,530,744 (2019: N290,641,173). The rate used to determine the amount of borrowing costs eligible for capitalisation was 18% which is the EIR of the specific borrowing.

The Group has no contractual commitment for the acquistion of property plant and equipment during the year.

16 Property, plant and equipment - Continued

Company	Furniture	Plant and Machinery	Motor vehicles	Office equipment	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Costs					
At 1 January 2019	180	2,840	8,720	435	12,175
At 31 December 2019	180	2,840	8,720	435	12,175
At 31 December 2020	180	2,840	8,720	435	12,175
Depreciation					
At 1 January 2019	180	2,840	8,720	435	12,175
Charge for the year	-	-	-	-	-
At 31 December 2019	180	2.840	8.720	435	12.175
Charge for the year	-	-	-	-	-
At 31 December 2020	180	2,840	8,720	435	12,175
Net Book Value					
At 31 December 2020	-	-	-	-	-
At 31 December 2019	-	-	-	-	-

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

17 Intangibles

	Group 2020	Group 2019	Company 2020	Company 2019
Costs				
At 1 January	45,899	45,899	-	-
Addition	3,581	-	-	-
At 31 December	49,480	45,899	-	-
Amortisation				
At 1 January	45,899	44,076	-	-
Charge for the year	92	1,823	-	-
At 31 December	45,991	45,899	-	-
Net Book Value				
At 31 December	3,489	-	-	-

Capitalised borrowing costs
No interest cost was capitalized during the year.
Intangible assets relates to acquired accounting software and it is amortised over the asset's useful life.

Fully armotised intangible assets still in use
The Group has fully amortised intangible asset still in use with a gross carrying amount of N45.9 million.

18 Business Combination

18.1 Group information

18.1.1 Information about subsidiaries and associates

The consolidated financial statements of the Group include:

Name	Nature	Principal activities	Year of Incorporation	Country of incorporation	% equity interest 2020	% equity interest 2019
Caverton Helicopters	Subsidiary	Provision of charter, shuttle and maintenance services of helicopters and airplanes to third parties.	12 September 2002	Nigeria	99.00%	99.00%
Caverton Marine	Subsidiary	Harboring and general marine operations.	28 July 1999	Nigeria	99.00%	99.00%
Caverton Helicopter Cameroon (COTCO)	Subsidiary	Provision of charter, shuttle and maintenance services of helicopters and airplanes to third parties.	2012	Cameroon	100.00%	100.00%
Caverton Aviation Cameroon (CAC)	Associate	The company is engaged in the business of transportation of oil and gas personnel onshore and offshore by air.	23 January 2012	Cameroon	49.00%	49.00%
Caverton Offshore Support Group (Ghana) Limited	Associate	Manufacturer and dealer in aircraft, and provision of charter, shuttle and maintenance services of helicopters and airplanes to third parties.	12 April 2011	Ghana	49.00%	49.00%

18.1.2 Material partly owned subsidiary

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

Proportion of equity interests held by non-controlling interests:

	2020	2019
Caverton Helicopters	1.00%	1.00%
Caverton Marine	1.00%	1.00%

	Company 2020 ₦'000	Company 2019 ₦'000
Investment in subsidiaries:		
Caverton Helicopters	5,791,500	5,791,500
Caverton Marine	2,722,500	2,722,500
Caverton Helicopters Cameroon (COTCO)*	-	-
	8,514,000	8,514,000

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

18.1.3 Profit allocated to material non-controlling interest:

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

Statement of profit or loss and other comprehensive income

	Caverton Helicopters Limited		Caverton Marine Limited	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Revenue from contracts with customers	30,664,430	33,468,823	194,726	192,550
Cost of sales	(17,910,772)	(18,010,859)	(21,865)	(24,476)
Administrative expenses	(5,343,842)	(7,671,774)	(151,965)	(165,044)
Credit loss (expense)/reversal	(144,730)	1,035,165	(20,220)	71,167
Net foreign exchange difference	(2,354,540)	403,534	-	-
Other income	227,393	1,001,439	-	367,768
Finance income	268	23,332	69	78,168
Finance cost	(4,032,983)	(3,430,521)	-	-
Share of loss of an associate	9,702	(3,711)	-	-
Pofit before tax	1,114,926	6,815,428	745	520,133
Income tax expense	(16,857)	(2,732,226)	(799)	(188,003)
Profit for the year	1,098,069	4,083,202	(54)	332,130
Other comprehensive income:				
Share of other comprehensive income/(loss) of an associate	858	(259)	-	-
Total comprehensive income	1,098,927	4,082,943	(54)	332,130
Attributable to;				
Equity holders of parent	1,087,937	4,042,114	(53)	328,809
Non-controlling interest	10,990	40,829	(1)	3,321
	1,098,927	4,082,943	(54)	332,130

Summarised statement of financial position

	Caverton Helicopters Limited		Caverton Marine Limited	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Inventories and cash and bank balances (current)	7,640,057	6,606,914	3,742	78,010
Trade and other receivables, Due from related parties, contract assets and Prepayments	16,983,122	16,419,131	924,828	727,698
Property, plant and equipmet and other non-current asset	32,908,351	33,040,998	3,058,593	3,209,402
Trade and other payables, contract liabilities and government grant (current)	(13,968,416)	(16,493,665)	(1,626,111)	(1,623,296)
Income tax payable	(724,179)	(1,922,640)	(43,189)	(73,894)
Lease liabilities	(7,514,789)	(6,735,600)	-	-
Interest-bearing loans and borrowing (Current)	(11,106,352)	(3,729,173)	-	-
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(11,317,862)	(14,844,982)	-	-
Total Equity	12,899,932	12,340,983	2,317,863	2,317,920
Attributable to;				
Equity holders of parent	12,770,933	12,217,573	2,294,684	2,294,741
Non-controlling interest	128,999	123,410	23,179	23,179
	12,899,932	12,340,983	2,317,863	2,317,920
Dividend paid to non-controlling interest	-	10,000	-	-

Summarised cash flow information	Caverton Helicopters Limited		Caverton Marine Limited	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Operating	3,732,869	7,966,582	(74,337)	695,412
Investing	(1,725,289)	(766,134)	69	71,909
Financing	(1,824,231)	(8,327,674)	-	(712,594)
Net increase/(decrease) in cash and cash equivalents	183,349	(1,127,226)	(74,268)	54,727
Cash and cash equivalents at 1 January	958,677	2,085,903	78,010	23,283
Cash and cash equivalents at 31 December	1,142,026	958,677	3,742	78,010

18.1.4 Investment in associate

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

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Caverton Aviation Cameroon	15,803	5,243	-	-
Caverton Offshore Support Group - Ghana*	3,673	3,673	3,673	3,673
	19,476	8,916	3,673	3,673

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

GROUP

Summarised statement of financial position of Caverton Aviation Cameroon

	2020	2019
	₦'000	₦'000
Current assets	552,099	418,764
Current liabilities	(519,849)	(408,064)
Equity/net asset	32,250	10,700
Group's share in equity - 49%	15,803	5,243

Summarised statement of profit or loss of Caverton Aviation Cameroon

	2020	2019
	₦'000	₦'000
Revenue from contracts with customers	183,214	200,867
Cost of sales	(53,689)	(98,635)
Administrative expenses	(105,693)	(112,934)
Loss before income tax expense	23,832	(10,702)
Income tax expense:		
Current year minimum tax	(4,031)	(4,480)
Deferred tax credit	-	7,608
Profit/(loss) for the year	19,801	(7,574)
Other comprehensive income/(loss): Translation reserve	1,750	(529)
	21,551	(8,103)
At 1 January	5,243	9,213
Group's share of profit/(loss)	9,702	(3,711)
Other comprehensive income/(loss): Translation reserve	858	(259)
At 31 December	15,803	5,243
Carrying value of the investment	15,803	5,243

18.2 Goodwill

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

Carrying amount of goodwill allocated to each of the CGUs:

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Helicopter Services	3,885,972	3,885,972	-	-
Marine service	2,140,937	2,140,937	-	-
	6,026,909	6,026,909	-	-

The Group performed its annual impairment test in December 2020 and 2019. As at 31 December 2020 and 2019, the recoverable amount was above the carrying amount of the CGUs, indicating there is no impairment of goodwill.

i. Helicopter CGU

The recoverable amount of this Cash Generating Unit was based on its value in use and was determined by discounting the future cash flow projections from the financial budgets approved by senior management covering a 5-year period. The projected cash flows have been updated to reflect the marginal increase in revenue. Unless indicated, the value in use in December 2020 was determined in the same way as 31 December 2019. Also the cash flows beyond the five-year period are extrapolated using a 7.% growth rate (2020: 10.0%) that is the same as the long-term average growth rate for the aviation industry.

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

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

Revenue growth rate

The revenue growth rate was 7% all the projected years, the projected annual revenue growth included in the cash flow projections for the years 2021 - 2025 has been based on growth rate of five years.

Pre-tax discount rate

The pre-tax discount rate of 20% (2020 20%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the incremental borrowing rate in the absence of weighted average cost of capital.

Gross margin

The gross margin was projected as 34% in 2022, 37% in 2023,39% in 2023 and 41% in 2025.

ii. Marine CGU

The recoverable amount of this Cash Generating Unit was based on its value in use and was determined by discounting the future cash flow projections from the financial budgets approved by senior management covering a 5-year period. Unless indicated the value in use in December 2020 was determined in similar way as 31 December 2019. The calculation of value in use was based on the following key assumptions:

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

Revenue growth rate

The revenue growth rate was based on 10% & 2% (Agency Service Income & Freight Income) for all the projected years. The anticipated

annual revenue growth included in the cash flow projections for the years 2021-2025 has been based on growth rate of five years.

Pre-tax discount rate

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

Gross margin

The gross margin 12% was anticipated in the cashflow projections for the year 2021-2025.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for both Helicopters and Marine is most sensitive to the following assumptions:

• Revenue growth rates
• Discount rates
• Growth rates used to extrapolate cash flows beyond the forecast period

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

These are increased over the budget period for anticipated efficiency improvements. An increase of 7% (FCH) per annum was applied for the Helicopters unit and 10% & 2% (Agency Service Income & Freight Income% per annum for the Marine unit. A decrease in the revenue growth rate of 2.0% would not result in impairment in the Helicopters unit. A decrease in the revenue growth by 1.45% would result in impairment in the marine unit.

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

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

iii. Caverton Helicopter Cameroon CGU

The Caverton Helicopter Cameroon has been fully impaired since 2018.

19 Inventories

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Spare parts	6,471,586	5,586,225	-	-
Jet A1 Aviation fuel Lagos	26,445	62,013	-	-
	6,498,031	5,648,238	-	-

During 2020, ₦3,141,687,442 (2019: ₦4,337,351,015) was recognized as an expense for inventories carried at net realizable value. This is recognized in the cost of sales.

20 Trade receivables and other receivables

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Financial assets				
Trade receivables	4,511,984	4,630,124	-	-
Due from related parties (Note 30)	-	-	300,981	430,788
Other receivables	166,888	-	-	-
Non-financial assets				
Advance payment	875,017	1,782,196	-	-
Withholding tax receivable	5,247,378	5,565,862	975,472	1,206,223
Value Added Tax receivables	766,142	680,363	-	-
Staff advances	13,861	6,218	-	-
Security deposits	6,548,226	4,488,278	-	-
	18,129,496	17,153,041	1,276,453	1,637,011
Allowance for expected credit losses	(849,081)	(684,131)	(96,635)	(299,474)
	17,280,415	16,468,910	1,179,818	1,337,537

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

*Other receivables relate to receivables accrued for, with respect to Federal Government of Nigeria (FGN) Covid'19 palliative grant for the aviation industry.

*Advance payment relates to payments made in advance to vendor/suppliers for services or spares yet to be received by the Group.

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

20.1 Allowance for expected credit loss

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

Group

	Trade receivables	Related parties	Total	Trade receivables	Related parties	Total
	2020	2020		2019	2019	
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
As at 1 January	684,131	-	684,131	1,624,910	-	1,624,910
Provision for expected credit losses/(reversal)	164,950	-	164,950	(940,779)	-	(940,779)
As at 31 December	849,081	-	849,081	684,131	-	684,131

Company

	Trade receivables	Related parties	Total	Trade receivables	Related parties	Total
	2020	2020		2019	2019	
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
As at 1 January	-	299,474	299,474	-	133,921	133,921
Expected credit loss (reversal)/expense	-	(202,839)	(202,839)	-	165,553	165,553
As at 31 December	-	96,635	96,635	-	299,474	299,474

21 Due from Related Companies

	Company	
	2020	2019
	₦'000	₦'000
Caverton Helicopters (Note 30)	300,981	430,788
	300,981	430,788

For more disclosures on related parties refer to Note 30.

22 Prepayments

	Group 2020 ₦'000	Group 2019 ₦'000	Company 2020 ₦'000	Company 2019 ₦'000
Rent prepaid	4,159	3,755	-	-
Insurance prepaid	2,589	2,050	-	-
	6,748	5,805	-	-

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

23 Cash and bank balance

Cash and bank balances in the statement of financial position comprise cash at banks and on hand.

	Group 2020 ₦'000	Group 2019 ₦'000	Company 2020 ₦'000	Company 2019 ₦'000
Cash at bank	1,319,384	1,127,111	56,980	72
Cash in hand	2,659	6,992	-	-
	1,322,043	1,134,103	56,980	72

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

24 Ordinary Share Capital

	Group 2020 ₦'000	Group 2019 ₦'000	Company 2020 ₦'000	Company 2019 ₦'000
Authorised shares				
5,000,000,000 ordinary shares of 50k each	2,500,000	2,500,000	2,500,000	2,500,000
Issued and fully paid				
3,350,509,750 ordinary shares of 50k each	1,675,255	1,675,255	1,675,255	1,675,255
Share premium	6,616,991	6,616,991	6,616,991	6,616,991

Nature and Purpose of Share premium

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

Retained earnings represents the percentage of net earnings not paid out as dividends but retained by the Company to be reinvested in its core business, or to pay debt.

25 Interest Bearing Loans & Borrowings

	Ref.	Group 2020 ₦'000	Group 2019 ₦'000	Company 2020 ₦'000	Company 2019 ₦'000
Access Bank BOI Loan ($17,931,550 loan)	i	821,389	1,190,471	-	-
Access Bank MRO Loan - N870m	ii	632,367	-	-	-
Access Bank UK $10million and $3million – Chevron	iii	113,850	500,585	-	-
Access Bank UK $12.3million	iv	3,874,830	3,644,420	-	-
Access Bank UK $4million Facility	v	1,059,754	1,226,000	-	-
Access Bank UK $7million	vi	2,466,750	2,145,500	-	-
BPI FRANCE Financement EURO7,373,750	vii	3,031,067	1,473,875	-	-
Longview Aviation Assets Management (Finance Lease)	viii	427,775	692,860	-	-
Macquarie Rotorcraft Leasing	ix	-	4,569,042	-	-
Term Loan - Access Bank Vehicle Lease Facility	x	-	58,004	-	-
Term loan Access Bank - $1.212m	xi	462,330	-	-	-
Term loan Access Bank - $1m	xii	381,740	-	-	-
Term loan Access Bank - $2.5m	xiii	934,850	-	-	-
Term Loan -Access Bank DFM SUV Loan - N58m	xiv	32,884	-	-	-
Term Loan Access Bank UK - $15m Facility	xv	5,692,500	-	-	-
Term Loan Access Bank UK -$2.184million Facility	xvi	243,424	393,203	-	-
Term Loan Access Bank UK -$2.4million Facility	xvii	355,963	582,343	-	-
White Rock Global	xviii	315,675	97,467	-	-
		20,847,148	16,573,770	-	-

25 Interest Bearing Loans & Borrowings - Continued

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Current interest-bearing loans and borrowings	11,106,352	1,486,208	-	-
Non-current interest-bearing loans and borrowings	9,740,796	15,087,562	-	-
	20,847,148	16,573,770	-	-

The movement in the borrowings during the year has been analyzed below:

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
As at 1 January	16,573,770	20,478,804	-	-
Additions*	8,136,671	9,006,526	-	-
Interest accrued	1,738,604	1,799,316	-	-
Principal repayments	(5,925,248)	(12,898,217)	-	-
Interest repayments	(1,738,604)	(1,799,316)	-	-
Exchange difference	2,061,955	(13,343)	-	-
As at 31 December	20,847,148	16,573,770	-	-

*Additions during the year include: Ref (ii), and Ref (xi) to (xv).

Terms and Conditions

i. Access Bank BOI Loan ($17,931,550 loan)

This relates to the Long term loan of $18,737,390 restructured in October 2016 from the previous $17,391,550 loan obtained for the purpose of procurement of one (1) factory new AW 139 Helicopter for offshore freight service contracts to Shell Petroleum Development Company. The new tenor of the loan is five (5) years. The monthly repayments (principal and interest) are now stated at $312,289.83. The loan attracts a monitoring fee of 0.125% payable every quarter.

The Interest rate on the loan is Libor plus 7% per annum, payable monthly in arrears. The loan is secured with the Bank Guarantee/Irrevocable Standing payment order from Access Bank Plc stating that the receivables specific to the additional AW19 Helicopter in both local and foreign currencies, shall be paid into BOI's nominated accounts

ii. Access Bank MRO Loan - N870m

The purpose of this loan is to facilitate the completion of the Aircraft Maintenance, Repair and Overhaul of Caverton Aviation Training Centre (CATC) at the apron of the Muritala International Airport, Lagos. Interest will accrue at the rate of 12% . Interest accrual will be on a daily basis and will be charged and repaid on a monthly basis. The capital repayment shall be repaid in 21 equal payments. The loan tenor is for 24 months.

iii. Access Bank UK $10million and $3million – Chevron

The $10m facility was obtained in July 2017 for the provsion of a single trade loan pursuant to the contracual obligations to Chevron at an interest rate of 6.5% per annum. The duration of the loan is 20 months with a moratorium of 8 months. 3 months to the end of the moratorium, $3m was added to increase the aggregate loan amount to $13m, but the interest rate on the $3m is 7% per annum. The loan is secured with legal mortgage on 1, Prince Kayode Akingbade Close, Victoria Island and the personal guarantee of the chairman for the full payment of the amount.

iv. Access Bank UK $12.3million

The $12.3m facility represents the Naira loans with Access Bank Plc refinanced by the Access Bank UK. The loan was granted in September 2019, but disbursed as $8,016,918, $459,431 and $3,823,651 on separate dates between 3rd and 30th September 2019. The duration of the facility is 5 years and all to mature on the 3rd of September 2024. The interest rate is 7% per annum. The loan is secured with payment undertaking by Access Bank plc in the same sum backed by the exsiting Chatell Mortgage on the AW139 Helicopters, a Twin Otter and the personal guarantee of the Chairman.

v. Access Bank UK $4million loan

The purpose of the loan is to fulfil pre-conditions set out in Access Bank UK loans & renewal of existing facilities. interest will accrue at the rate of 7% . Interest accrual will be on a daily basis and will be charged and repaid on a monthly basis. The capital repayment shall be repaid in 23 equal payments.

25 Interest Bearing Loans & Borrowings - Continued

vi. Access Bank UK $7million

This relates to SBLC backed trade loan of ($7,000,000) obtained in November 2019 for a single trade the operational expenses. The loan has a tenor of 36 months renewable every 12 months upon a lump sum payment of the amount due every 12 months. The interest rate is 8% p.a.

Security of the loan

The loan is secured with a legal mortgage on 1, Prince Kayode Akingbade Close, Victoria Island and the personal guarantee of the chairman for the full payment of the amount.

vii. BPI FRANCE Financement EURO7,373,750

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

viii. Longview Aviation Assets Management (Finance Lease)

This is a finance lease of $5,036,448 for the provision of TWIN Otter DHC - 6 series 400 for the operation of Cameroun Oil Transportation Company (COTCO) contract for Caverton Helicopters Cameroon. The lease tenor is 48 months effective November 2017. The loan comprises of both long term and short term. The short term portion represent payment expected to be paid within 12months.

ix. Macquarie Rotorcraft Leasing

This is a finance lease for the provision of the Bell 412 Helicopter on the Chevron contract. The lease payment was entered into in January 2019 and the tenor is for 60 months.

x. Access Bank - Vehicle lease facility

This account house the vehicle lease facility from Access bank Plc. The Facility is for a lease tenor of 24 months. The lease rental will be repayable in accordance with the lease schedule. The interest on the facility shall be 23% per annum which shall be subject to review from time to time. However, the purchase of the car is partly equity finance by Caverton Helicopters Limited to the tune of N24,858,900 representing 30% of the total cost of the vehicle. The repayment of the loan will however start in 2020.

xi. Term loan Access Bank - $1.212m

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

xii. Term loan Access Bank - $1m

The purpose of this loan is to finance mobilization cost (pre-operational cost) for the Chevron/Deep Water contract, Security Deposit (3 months rentals for 2 helicopters) and purchase of spare parts to support the operation. The loan tenor is for 48 months.

xiii. Term loan Access Bank - $2.5m

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

xiv. Term Loan -Access Bank DFM SUV Loan - N58m

The loan is to facilitate the financing of motor vehicle acquisition.

xv. Term Loan Access Bank UK - $15m Facility

This relates to SBLC backed trade loan of ($15,000,000) obtained in December 2020. The loan has a tenor of 30 months. The interest rate is 7% per annum.

xvi. Term Loan Access Bank UK -$2.184million Facility

$2,257,600 Stand By Letter of Credit Backed Trade Loan Facility from Access bank Plc which can be linked to the $2.184M disbursement. The purpose of the loan is the provision of trade loan. interest will accrue at the rate of 7% per annum. The capital and interest is to be repaid by 23 equal payments of $101,720 and one final payment of $100,937.02.

25 Interest Bearing Loans & Borrowings - Continued

xvii. Access Bank UK $2.4M

The Access Bank 2.4million dollars Facility was secured for the provision of a single trade loan for operational expenses. Interest on the loan will accrue at 7% per annum. The advance of the loan will be repayable in 24 equal payment of $100,000 commencing one month from initial drawdown received in July 2019 under the facility.

xviii. White Rock Global

This is a $500,000 advance obtained in October 2019 payable in five monthly instalments with $45,000 interest.

26 Government Grants

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
At 1 January	-	137,502	-	-
Addition	166,888	-		
Amortisation	(166,888)	(137,502)	-	-
At 31 December	-	-	-	-

Covid'19 palliative grant

This amount relates to the income-provision for Federal Government of Nigeria (FGN) Covid'19 palliative grant for the aviation industry, being recognized as other income. The income provision relates to anticipated receipt of the non-conditional cash transfer from the FGN. In 2020, the FGN announced the proposed release of N5 billion to be distributed amongst some airline businesses in the aviation sector. The amount booked by the Group relates to the amount communicated to the Group as being receivable to them, by the Union (i.e. union of the aviation players) and has been recognised as other income in profit or loss during the year. This amount has been received post year end. see Note 10.

BOI Loan

Government grants in 2019 relates to the loan obtained from BOI at below the market rate. There are no unfulfilled conditions or contingencies attached to this grant.

27 Contract liabilities

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Advance billing	1,312,720	2,477,168	-	-
	1,312,720	2,477,168	-	-
As at 1 January	2,477,168	214,893	-	-
Deferred during the year	412,981	2,262,275	-	-
Recognised as revenue	(1,577,429)	-	-	-
As at 31 December	1,312,720	2,477,168	-	-

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

28 Trade and Other Payables

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Financial liabilities				
Trade payables	10,178,438	11,564,745	-	-
Due to related companies (Note 30)	93,471	29,608	601,321	607,329
Dividend payable	512,325	891,000	-	-
Other payables	1,605,864	1,246,361	10,216	20,272
Non-financial liabilities				
Value Added Tax payables	533,208	352,522	-	-
Withholding Tax Payable	596,348	517,131	-	-
	13,519,654	14,601,367	611,537	627,601

Terms and conditions of the above trade and other payables:

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

b. Other payables are non-interest bearing and have an average term of 3-6months. Other payables comprise accrued staff salary, audit fee accrual, advance billing for mobilization fee on Chevron contracts and provision for tax liability as a result of 2013 – 2015 Federal Inland Revenue Services tax audit exercise.

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

28.1 Trade and Other Payables

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
At 1 January	891,000	701,829	-	-
Dividend declared	575,000	1,000,000	670,102	837,627
Dividend paid	(853,675)	(690,829)	(670,102)	(837,627)
Withholding tax on dividend	(100,000)	(120,000)	-	-
At 31 December	512,325	891,000	-	-

29 Leases

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

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

29 Leases - Continued

29.1 Right-of-use assets

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

	Aircraft	Residential building	Office building	Total
	₦'000	₦'000	₦'000	₦'000
As at 1 January 2019	5,574,177	59,932	-	5,634,109
Additions	1,667,258	118,384	37,103	1,822,745
Depreciation expense	(1,534,145)	(83,165)	(18,551)	(1,635,861)
As at 31 December 2019	5,707,290	95,151	18,552	5,820,993
Additions	1,282,652	11,561	23,461	1,317,674
Depreciation expense	(2,494,391)	(88,945)	(32,238)	(2,615,574)
Exchange difference	1,359,322	-	-	1,359,322
As at 31 December 2020	5,854,873	17,767	9,775	5,882,415

29.2 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2020	2019
	₦'000	₦'000
As at 1 January	6,735,600	5,617,565
Additions	1,294,212	1,822,747
Accretion of interest	2,295,223	1,631,361
Payments	(4,359,849)	(2,336,073)
Exchange difference	1,549,603	-
As at 31 December	7,514,789	6,735,600
Current	2,633,315	1,651,395
Non-current	4,881,474	5,084,205
Total	7,514,789	6,735,600

The following are the amounts recognised in profit or loss:

	2020	2019
	₦'000	₦'000
Depreciation expense on right-of-use assets (Note 6 & 7)	2,615,574	1,635,861
Interest expense on lease liabilities (Note 12)	2,295,223	1,631,361
Expense relating to short-term leases (Note 7)	59,700	191,077
Total amount recognised in profit or loss	4,970,497	3,458,299

The Group and Company had total cash outflows for leases of N4.3billion in 2020 (N2.3billion in 2019).

30 Related Parties

The financial statements include equity of major shareholders as follow:

	No. of Shares	% of Capital
Foreign	5,085,000	0.2%
Corporate	2,305,321,360	68.8%
Various individual shareholders	1,040,103,390	31%
	3,350,509,750	100%

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

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

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

	Nature of Transaction	Balance receivables 2020 ₦'000	Balance payables 2020 ₦'000	Balance receivables 2019 ₦'000	Balance payables 2019 ₦'000
Rotimi Makanjuola		-	70,000	-	-
Chairman's account	Refund of advance the chairman made (from/to) on behalf of the companies	-	23,471	-	29,608
		-	93,471	-	29,608

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

	Nature of Transaction	Balance receivables 2020 ₦'000	Balance payables 2020 ₦'000	Balance receivables 2019 ₦'000	Balance payables 2019 ₦'000
Caverton Helicopters Limited (CHL)	Amount payable on lease of Helicopter for Cameroon project	300,981	-	430,788	-
Caverton Marine Limited (CML)		-	601,321	-	607,329
		300,981	601,321	430,788	607,329

30 Related Parties - Continued

Terms and conditions of transactions with related parties

The transactions from related parties are made on behalf of each other at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year end are unsecured and interest free and it has no set repayment terms. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. The Company entered into the following transactions with related parties during the year:

Compensation to key management staff: Short-term compensation

	2020 ₦'000	2019 ₦'000
Short-term employee benefits	320,090	528,905
Post-employment pension and medical benefits	39,289	64,919
	359,379	593,824

	Group		Company	
	2020 ₦'000	2019 ₦'000	2020 ₦'000	2019 ₦'000
Fees	12,405	21,000	12,405	21,000
Remuneration	346,974	572,824	84,590	110,967
	359,379	593,824	96,995	131,967
The Chairman	1,675	61,950	1,675	3,000
Other Directors	357,704	531,874	95,320	128,967
	359,379	593,824	96,995	131,967
Highest paid Director	68,091	107,000	50,190	61,610

The directors emoluments fall within the following range:

Category	Group		Company	
	2020	2019	2020	2019
Less than 5,000,000	7	7	7	8
5,000,001-10,000,000	-	-	-	-
10,000,001-25,000,000	-	-	-	-
25,000,001-50,000,000	5	3	1	-
50,000,001-100,000,000	3	6	1	2
>100,000,000	-	1	-	-
	15	17	9	10

Long term compensation to key management

The Group has no long-term compensation for its key management personnel.

31 Financial instruments risk management objectives and policies

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

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

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

Market risk

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

Interest rate sensitivity

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

The impact of a 0.1% increase/decrease in interest rate on the Group's loans and borrowings, with all other variables held constant, will reduce/increase the Group's profit before tax by N20.8 million (31 December 2019: N16.5 million). Other debt instruments are have fixed interest rates and are not subject to interest rate sensitivity.

Foreign exchange risk

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

Foreign currency sensitivity for the Group and Company

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

			Group		Company	
		%	Effect on profit before tax Strengthening	Effect on profit before tax Weakening	Effect on profit before tax Strengthening	Effect on profit before tax Weakening
			₦'000	₦'000	₦'000	₦'000
31 December 2020	USD	10%	229,796	(229,796)	5,690	(5,690)
	EUR	10%	82,076	(82,076)	-	-
	GBP	10%	206	(206)	-	-
31 December 2019	USD	5%	154,151	(154,151)	-	-

31 Financial instruments risk management objectives and policies - Continued

Credit risk

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

Trade receivables

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

Deposits with banks and other financial institutions

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

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

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Trade receivables	3,662,903	3,945,993	-	-
Due from related parties	-	-	204,346	131,314
Bank balances	1,319,384	1,127,111	56,980	72
	4,982,287	5,073,104	261,326	131,386

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

31 Financial instruments risk management objectives and policies - Continued

Impairment of financial assets

Trade receivables

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

Set out below is the information about the credit risk exposure on the Group’s trade receivables as at 31 December 2020 using a provision matrix:

Group

31 December 2020	Trade receivables Days past due					
	Current	0 - 30 days	31 - 60 days	61 - 90 days	>90 days	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Expected credit loss rate	2.45%	12.21%	50.56%	66.25%	100.00%	
Estimated total gross carrying amount at default	2,494,865	1,064,255	230,344	536,310	186,210	4,511,984
Expected credit loss	61,150	129,965	116,453	355,302	186,211	849,081

31 December 2019	Current	0 - 30 days	31 - 60 days	61 - 90 days	>90 days	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Expected credit loss rate	0.88%	0.92%	1.41%	7.94%	52.34%	
Estimated total gross carrying amount at default	2,704,237	463,472	134,129	92,229	1,236,057	4,630,124
Expected credit loss	23,759	4,253	1,896	7,325	646,898	684,131

The Company has no trade receivable balance as at the end of December 2020 and 2019.

In assessing the Company’s internal rating process, the Company’s customers and counter parties are assessed based on a credit scoring model that takes into account various historical, current and forward-looking information such as:

• Any publicly available information on the Company’s customers and counter parties from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bonds or press releases and articles.

• Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.

• Any other objectively supportable information on the quality and abilities of the client’s management relevant for the company’s performance.

Expected credit loss measurement - Due from related related parties

The Parent Company (COSG) applied the general approach in computing expected credit losses (ECL) for its intercompany receivables. COSG recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that COSG expects to receive, discounted at an approximation of the original effective interest rate.

31 Financial instruments risk management objectives and policies - Continued

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

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

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

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

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

	Company	
31 December 2020	Due from related parties	Total
	₦'000	₦'000
Upside (10%)	9,664	9,664
Base (80%)	77,307	77,307
Downside (10%)	9,664	9,664
Total	96,635	96,635
31 December 2019	Due from related parties	Total
	₦'000	₦'000
Upside (11%)	32,942	32,942
Base (79%)	236,585	236,585
Downside (10%)	29,947	29,947
Total	299,474	299,474

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.3 *Summary of significant accounting policies* and in Note 3 *Significant accounting judgements, estimates and assumptions*. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Central Bank of Nigeria, Standards and Poor's etc.) and a team of experts within its credit risk department verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios.

31 Financial instruments risk management objectives and policies - Continued

Liquidity risk

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

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

Group

Year ended 31 December 2020	Carrying amount ₦'000	On demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	> 1 year ₦'000	Contractual cash flows ₦'000
Interest-bearing loans and borrowings	20,847,148	12,861,878	5,138,879	2,672,732	1,607,735	22,281,224
Lease liabilities	7,514,789	-	9,620,680	3,253,750	703,639	13,578,069
Trade and other payables	12,390,098	-	3,074,579	9,315,519	-	12,390,098
	40,752,035	12,861,878	17,834,138	15,242,001	2,311,374	48,249,391

Year ended 31 December 2019	Carrying amount ₦'000	On demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	> 1 year ₦'000	Contractual cash flows ₦'000
Interest-bearing loans and borrowings	16,573,770	-	9,984,489	5,228,680	1,794,037	17,007,206
Lease liabilities	6,735,600	8,279,537	2,497,039	503,923	238,169	11,518,668
Trade and other payables	13,731,714	-	3,566,704	10,165,010	-	13,731,714
	37,041,084	8,279,537	16,048,232	15,897,613	2,032,206	42,257,588

Company

Year ended 31 December 2020	Carrying amount ₦'000	On demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	> 1 year ₦'000	Contractual cash flows ₦'000
Trade and other payables	611,537	-	-	611,537	-	611,537
	611,537	-	-	611,537	-	611,537

Year ended 31 December 2019	Carrying amount ₦'000	On demand ₦'000	Less than 3 months ₦'000	3 to 12 months ₦'000	> 1 year ₦'000	Contractual cash flows ₦'000
Trade and other payables	627,601	-	-	627,601	-	627,601
	627,601	-	-	627,601	-	627,601

Trade and other payables exclude non-financial liabilities such as Withholding tax payable and Value added tax payable.

32 Fair values

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

	Group			
	Carrying Amount		Fair Value	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Financial assets				
Trade and other receivables	3,829,791	3,945,993	3,829,791	3,945,993
Cash and bank	1,322,043	1,134,103	1,322,043	1,134,103
	5,151,834	5,080,096	5,151,834	5,080,096
Financial liabilities				
Interest-bearing loans and borrowings	20,847,148	16,573,770	18,147,283	9,868,213
Trade and other payables	12,390,098	13,731,714	12,390,098	13,731,714
	33,237,246	30,305,484	30,537,381	23,599,927

	Company			
	Carrying Amount		Fair Value	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Financial assets				
Trade and other receivables	204,346	131,314	204,346	131,314
Cash and bank	56,980	72	56,980	72
	261,326	131,386	261,326	131,386
Financial liabilities				
Trade and other payables	611,537	627,601	611,537	627,601
	611,537	627,601	611,537	627,601

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

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

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

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

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

32 Fair values - Continued

Fair value hierarchy

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

► Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

► Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

► Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The fair valuation of interest bearing loans and borrowing is classified as level 3 fair value hierarchy. The fair value is estimated by

discounting future cash flows using rates currently available for debt on similar terms, credit risks and remaining maturity.

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

Fair value measurement hierarchy for liabilities as at 31 December 2020:

		Fair value measurement using		
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	₦'000	₦'000	₦'000	₦'000
Liabilities for which fair values are disclosed:				
Interest-bearing loans and borrowings	18,147,283	-	-	18,147,283
	18,147,283	-	-	18,147,283

There were no transfers between Level 1 and Level 2 during 2020.

Fair value measurement hierarchy for liabilities as at 31 December 2019:

		Fair value measurement using		
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	₦'000	₦'000	₦'000	₦'000
Liabilities for which fair values are disclosed:				
Interest-bearing loans and borrowings:	9,868,213	-	9,868,213	-
	9,868,213	-	9,868,213	-

There were no transfers between Level 1 and Level 2 during 2019.

33 Capital management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 (2019).

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group policy is to raise additional debt but keep the gearing ratio below 50%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations if any.

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Interest-bearing loans and borrowings (Note 25)	20,847,148	16,573,770	-	-
Trade and other payables (Note 28)	13,519,654	14,601,367	611,537	627,601
Less: cash and short term deposit (Note 23)	1,322,043	1,134,103	56,980	72
Net debt	33,044,759	30,041,034	554,557	627,529
Total capital: Equity	21,963,195	21,480,760	9,407,856	9,495,400
Capital and net debt	55,007,954	51,521,794	9,962,413	10,122,929
Gearing ratio	60%	58%	6%	6%

34 Information relating to employees

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

	Group		Company	
	2020	2019	2020	2019
	Number	Number	Number	Number
Finance and administration	102	106	-	-
Operations	141	162	-	-
Engineering	120	132	-	-
	363	400	-	-

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

Category	Group		Company	
	2020	2019	2020	2019
N300,000 - N2,500,000	75	80	-	-
N2,500,001 - N5,000,000	43	42	-	-
N5,000,001 - N10,000,000	43	41	-	-
N10,000,001 - N20,000,000	60	49	-	-
N20,000,001 - N25,000,000	19	21	-	-
N25,000,001 - N30,000,000	20	17	-	-
N30,000,001 - N50,000,000	81	141	-	-
N50,000,001 - N85,000,000	21	9	-	-
N85,000,000 and above	1	-	-	-
	363	400	-	-

35 Contingencies, guarantees and other financial commitments

(a) Litigation and claims

There were no contingent liabilities as at 31 December 2020 (2019: Nil).

(b) Financial commitments

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

The group and the Company have recognised any impairment on its receivables in current year (2019: Nil). All customers are expected to pay outstanding balances in the normal course of the business. Based on historic compliance rate, the Group and the Company believe that impairment allowance is necessary on the entire outstanding balance.

36 Events after reporting period

No event or transaction have occurred after the reporting date which would have a material effect upon the consolidated and separate financial statements at the date of which would need to be mentioned in the consolidated and separate financial statements in order to make them not misleading as to the financial position or result of operations.

CAVERTON OFFSHORE SUPPORT GROUP PLC

Value Added Statement

for the year ended 31 December 2020

	Group				Company			
	2020		2019		2020		2019	
	₦'000		₦'000		₦'000		₦'000	
Revenue	32,172,597		34,978,264		-		-	
Cost of services- Local	(14,923,926)		(11,964,269)		115,671		(291,386)	
	17,248,671		23,013,995		115,671		(291,386)	
Other income	227,630		1,565,981		569,250		990,000	
Value added	17,476,301		24,579,976		684,921		698,614	
Applied as follows:								
		%		%		%		%
To employees:								
-Wages, salaries and other benefits	10,069,128	58%	11,804,272	48%	94,615	14%	131,967	19%
To providers of capital:								
-Interest	4,033,827	23%	3,430,677	14%	-	-	-	-
To Government:								
- as Group taxes	505,000	3%	1,955,808	8%	1,431	0%	4,950	1%
To provide for replacement of assets and expansion of business:								
-Depreciation and amortization	2,108,871	12%	2,102,825	9%	-	-	-	-
-Deferred taxation	(424,298)	-2%	905,576	4%	6,317	1%	(166,883)	-24%
-Retained profit	1,183,773	7%	4,380,818	18%	582,558	85%	728,580	104%
	17,476,301	100%	24,579,976	100%	684,921	100%	698,614	100%

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

CAVERTON OFFSHORE SUPPORT GROUP PLC
Five Year Financial Summary
Group

Non-current assets	2020	2019	2018	2017	2016
	₦'000	₦'000	₦'000	₦'000	₦'000
Property, plant and equipment	30,083,703	30,342,476	30,769,166	22,071,148	20,589,051
Intangible assets	3,489	-	1,823	11,490	21,860
Right-of-use assets	5,882,415	5,820,993	-	-	-
Goodwill	6,026,909	6,026,909	6,026,909	6,026,909	6,026,909
Investment in subsidiaries	-	-	-	-	-
Investment in associate	19,476	8,916	12,886	12,520	-
Deferred tax assets	391,442	384,147	348,746	194,339	17,315
Net Current (liabilities)/assets	(4,238,586)	1,069,472	(154,876)	(389,800)	191,611
	38,168,848	43,652,913	37,004,654	27,926,606	26,846,746
Interest bearing loans & borrowings	(9,740,796)	(15,087,562)	(18,003,559)	(12,680,700)	(11,854,109)
Deferred tax liabilities	(1,583,383)	(2,000,386)	(1,059,409)	(633,160)	-
Other non-financial liabilities	-	-	-	-	(1,798,778)
Lease liabilities	(4,881,474)	(5,084,205)	-	-	-
	21,963,195	21,480,760	17,941,686	14,612,746	13,193,859
Financed by:					
Share capital	1,675,255	1,675,255	1,675,255	1,675,255	1,675,255
Share Premium	6,616,991	6,616,991	6,616,991	6,616,991	6,616,991
Retained earnings	13,492,705	12,990,014	9,490,976	6,235,219	4,824,341
Statutory reserve	-	-	-	-	-
Foreign currency translation reserve	26,155	51,650	45,764	2,659	-
Noncontrolling interest	152,089	146,850	112,700	82,622	77,272
Total Shareholders' equity	21,963,195	21,480,760	17,941,686	14,612,746	13,193,859

Revenue	32,172,597	34,978,264	33,214,172	20,540,505	19,310,514
Profit before tax	1,264,475	7,242,202	5,307,554	3,907,099	1,104,654
Income tax expense	(80,702)	(2,861,384)	(1,507,143)	(1,285,271)	(492,370)
Profit after tax	1,183,773	4,380,818	3,800,411	2,621,828	612,284
Other comprehensive (loss)/income:					
Share of other comprehensive income/(loss) of an associate	858	(259)	(264)	-	-
Exchange differences on translation of foreign operations	(26,344)	6,142	43,368	-	-
Other comprehensive (loss)/income for the year, net of tax	(25,486)	5,883	43,104	-	-
Total comprehensive income for the year, net of tax	1,158,287	4,386,701	3,843,515	2,621,828	612,284
Per Share:					
Basic/Diluted earnings per share (₦)	0.35	1.29	1.12	0.77	0.18

CAVERTON OFFSHORE SUPPORT GROUP PLC
Five Year Financial Summary
Company

Non-current assets	2020	2019	2018	2017	2016
	₦'000	₦'000	₦'000	₦'000	₦'000
Investment in subsidiaries	8,514,000	8,514,000	8,514,000	8,514,000	8,514,000
Investment in associate	3,673	3,673	3,673	3,673	-
Deferred tax assets	271,336	277,653	110,770	55,587	-
Net current asset/(liabilities)	618,847	700,074	976,004	255,605	(560,185)
	9,407,856	9,495,400	9,604,447	8,828,865	7,953,815
Financed by:					
Share capital	1,675,255	1,675,255	1,675,255	1,675,255	1,675,255
Share Premium	6,616,991	6,616,991	6,616,991	6,616,991	6,616,991
Retained earning/(loss)	1,115,610	1,203,154	1,312,201	536,619	(338,431)
	9,407,856	9,495,400	9,604,447	8,828,865	7,953,815
Dividend revenue	569,250	990,000	1,188,000	1,188,000	301,950
Profit before tax	590,306	566,647	1,004,058	1,002,710	94,042
Income tax credit/(expense)	(7,748)	161,933	274,100	(25,669)	(42,238)
Profit after tax	582,558	728,580	1,278,158	977,041	51,804
Basic/Diluted earnings per share (₦)	0.17	0.22	0.38	0.29	0.02