THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO ITS CONTENTS OR THE ACTION TO BE TAKEN, PLEASE CONSULT YOUR BANKER, STOCKBROKER, ACCOUNTANT, SOLICITOR OR ANY OTHER PROFESSIONAL ADVISER FOR GUIDANCE IMMEDIATELY. THIS PROSPECTUS HAS BEEN REVIEWED AND APPROVED BY THE MEMBERS OF THE BOARD OF DIRECTORS OF TSL SPV PLC AND THEY JOINTLY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL INFORMATION GIVEN AND CONFIRM THAT, AFTER HAVING MADE INQUIRIES WHICH ARE REASONABLE IN THE CIRCUMSTANCES AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN MISLEADING

INVESTING IN THIS OFFER INVOLVES RISKS. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 35 HEREOF.

TSL SPV PLC

RC 1659158

(Incorporated as a Special Purpose Vehicle by Transport Services Limited)

₦50,000,000,000
BOND ISSUANCE PROGRAMME

Under this debt issuance programme (the “Programme”), TSL SPV PLC under the sponsorship of Transport Services Limited (the “Co-Obligor”), may from time to time issue bonds or any other type of debt securities, in separate series, in amounts, at prices, and on terms to be set out in any accompanying Pricing Supplement (as defined below).

The maximum aggregate nominal amount of all Bonds (as defined below) or any other type of securities issued from time to time and outstanding under this Programme shall not exceed ₦50,000,000,000 over the three years (or such extended period that the Securities and Exchange Commission (the “Commission”) may approve) that this shelf prospectus (the “Shelf Prospectus”), including any amendments thereto, remains valid. This Shelf Prospectus is to be read and construed in conjunction with any supplement hereto and all documents which are incorporated herein by reference and, in relation to any series of the Programme, together with the relevant Pricing Supplement.

This Shelf Prospectus and the securities that it offers have been approved and registered by the Commission. It is a civil wrong and criminal offence under the Investments & Securities Act No. 29 of 2007 (the “Act” or “ISA”) to issue a prospectus which contains false or misleading information. The clearance and registration of this Prospectus and the securities which it offers does not relieve the parties from any liability arising under the Act for false and misleading statements contained herein or for any omission of a material fact. Investors are advised to note that liability for false or misleading statements or acts made in connection with this Shelf Prospectus is provided in sections 85 and 86 of the ISA. Investors may confirm the clearance of the Shelf Prospectus and registration of any securities issued under the Programme by contacting the Commission by email on sec@sec.gov.ng or by phone on +234 (0)9 462 1100 or +234 (0)9 462 1168.

This Shelf Prospectus has been issued in compliance with Part IX of the Act, Part F Rule 279 of the 2013 Rules and Regulations of the Commission and the listing requirements of FMDQ Securities Exchange (“FMDQ Exchange”) and contains particulars which are compliant with the requirements of the Commission for the purpose of giving information with regard to the Programme.

The registration of the Shelf Prospectus and any Pricing Supplement thereafter does not in any way whatsoever suggest that the Commission endorses or recommends the securities or assumes responsibility for the correctness of any statement made or opinion or report expressed therein.

Lead Issuing House / Bookrunner	Joint Issuing House / Bookrunner
STANBIC IBTC CAPITAL LIMITED **RC: 1031358**	**ARM SECURITIES LIMITED** **RC: 125242**

This Shelf Prospectus is dated 6 October 2020

CONTENTS

This Shelf Prospectus has been prepared on behalf of TSL SPV PLC in connection with its ₦50,000,000,000 Bond Issuance Programme for the purpose of giving information to prospective investors in respect of the Bonds described herein. The Commission has cleared and registered this Shelf Prospectus.

The Board of Directors of each of the Issuer and the Co-Obligor accept full responsibility for the information contained in this Shelf Prospectus. The Board of Directors confirms (having taken all reasonable care to ensure that is the case) that the information contained in this Shelf Prospectus is in accordance with the Rules and Regulations of the Commission.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Shelf Prospectus or any other information supplied in connection with the Programme and, if given or made, such information must not be relied upon as having been authorised by the Issuer or the Co-Obligor.

Neither this Shelf Prospectus nor any other information supplied in connection with the Bonds: (i) is intended to provide the basis of any credit or other evaluation; or (ii) should be considered as a recommendation by the Issuer, the Co-Obligor, any of the Issuing Houses or the Trustee that any recipient of this Shelf Prospectus or any other information supplied in connection with the Issue should purchase the Bonds.

Each prospective investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer and the Co-Obligor. Neither this Shelf Prospectus nor any other information supplied in connection with the Issue or the Bonds constitutes an offer or invitation by or on behalf of the Issuer, the Co-Obligor, any of the Issuing Houses or the Trustee to any person to subscribe for or to purchase the Bonds.

Neither the delivery of this Shelf Prospectus nor the offering, sale or delivery of the Bonds shall in any circumstances imply that the information contained herein concerning the Issuer or the Co-Obligor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme continues to remain correct as of any time subsequent to the date indicated in the document containing the same.

The Issuing Houses expressly do not undertake to review the financial condition or affairs of the Issuer or the Co-Obligor throughout the life of the Bonds or to advise any investor in the Bonds of any information coming to their attention. The Issuing Houses have not separately verified the information contained in this Shelf Prospectus and accordingly no representation, warranty or undertaking, express or implied, is made and to the fullest extent permitted by law, no responsibility or liability is accepted whether in contract or otherwise by the Issuing Houses as to the accuracy or completeness of the information contained in this Shelf Prospectus or any other information supplied in connection with the Bonds or their distribution. Each person receiving this Shelf Prospectus acknowledges that such person has not relied on the Issuing Houses or any person affiliated with any of them in connection with its investigation of the accuracy of this Shelf Prospectus or such information or its investment decision. The receipt of this Shelf Prospectus or any information contained in it or supplied with it or subsequently communicated to any person does not constitute investment advice from any of the Issuing Houses to any prospective investor. Prospective investors should make their own independent assessment of the merits or otherwise of subscribing for the Debt Securities offered herein and should take their own professional advice in connection with any prospective investment by them.

The distribution of this Shelf Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. Persons into whose possession this Shelf Prospectus or any Bonds come must inform themselves about and observe any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Bonds in the United States of America, the United Kingdom, the European Economic Area, Canada, Japan, Australia, the Republic of South Africa and certain other jurisdictions. None of the Issuer, the Issuing Houses or the other professional advisers, represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Issuing House or the other professional advisers, which would permit a public offering of any Bonds or distribution of this document in any jurisdiction where action for that purpose is required.

The Issuer and the Issuing Houses do not represent that this Shelf Prospectus may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available there under, nor does it assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which would permit a public offering of any Bonds or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable law and regulations.

The Bonds have not been and will not be registered under the United States Securities Act of 1933 (the Securities Act). The Bonds may not be offered, sold or delivered within the United States of America or to U.S. persons except in accordance with Regulations under the Securities Act.

In this document, unless otherwise stated or clearly indicated by the context, the following words have the meanings stated opposite them.

"Account Bank Agreement"	The agreement to be entered into by the Issuer, the Co-Obligor, the Trustee and the party appointed as account bank for the relevant Series
"Applicable Pricing Supplement", "Pricing Supplement" or "Supplement"	The document(s) to be issued pursuant to the Shelf Prospectus which shall provide final terms and conditions of a specific Series issued under the Programme and read in conjunction with the Shelf Prospectus.
"Auditor"	The auditor to the Co-Obligor, Ernst & Young, or any successor auditor which may be appointed in future
"Agusto"	Agusto & Co. Limited
"Affiliates"	With respect to any person, any corporation, partnership, trust or other entity or organization that, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with such person where "control" means the ability to direct or cause the direction of the business, affairs and management policies or practices of a person
"ARMS"	ARM Securities Limited
"Board" or "Directors" or "Board of Directors"	The members of the board of directors of the Issuer and the Co-Obligor who as at the date of this document are those persons whose names are set out on page 17 of this Shelf Prospectus
"Bonds" or "Debt Securities"	The registered bonds issued by the Issuer from time to time under the Programme with aggregate value not exceeding ₦50,000,000,000.
"Bond Issuance Programme" or the "Programme"	The ₦50,000,000,000 bond issuance programme being undertaken by the Issuer as described in this Shelf Prospectus, pursuant to which the Company may issue series and/or tranches of Bonds from time to time, provided however that the aggregate value does not exceed ₦50,000,000,000
"Bondholder" or "Holder"	Any registered owner or beneficial owner of Bond units to be issued under the Programme.
"Book Building''	A process of price and demand discovery through which a Bookrunner seeks to determine the price at which securities should be issued, based on the demand from Qualified Institutional Investor and High Net Worth Individuals.
"Bookrunner(s)"	The Issuing House(s) duly appointed by the Issuer to manage the order book in respect of the Bonds being sold by way of Book Building
"Business Day"	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which banks are open for general banking business in Lagos, Nigeria

"CAC"	Corporate Affairs Commission
"CBN"	Central Bank of Nigeria
"CIT"	Companies Income Tax
"CITA"	Companies Income Tax Act Cap C21, LFN, 2004 (as amended by the Companies Income Tax (Amendment Act No. 11 of 2007) and the Finance Act, 2020
"CGT"	Capital Gains Tax
"Conditions" or "Terms and Conditions"	Terms and conditions in accordance with which the Bonds will be issued, set out in the section headed "Terms and Conditions of the Bonds" in this Prospectus, the Programme Trust Deed and the relevant Series Trust Deed
"Coupon"	The interest payable to Bondholders as specified in the Applicable Pricing Supplement
"Coupon Commencement Date"	in relation to the Bonds of any Series, the date specified in the Applicable Pricing Supplement or a supplement to the Shelf Prospectus from (and including) the date on which such Bond starts to bear Coupon or, if no such date is specified therein, the Issue Date (other than in relation to Zero Coupon Bonds)
"Coupon Determination Date"	The date falling no later than two Business Days prior to the Coupon Payment Date on which the Trustee determines the interest rate applicable on a Bond (other than Fixed Rate Bonds and Zero-Coupon Bonds) for that Interest Period
"Coupon Payment Date"	The date on which coupon is to be paid to Bondholders as specified in the Applicable Pricing Supplement
"Coupon Period"	Coupon Period as defined in the Programme Trust Deed
"Depository"	Central Securities Clearing Systems Plc, FMDQ Depository Limited or any successor depository which may be appointed in future
"Daily Official List"	The publication of The Nigerian Stock Exchange, published daily, detailing price movements and information on all securities quoted on the Exchange
"Daily Quotations List"	The publication of the FMDQ Securities Exchange PLC, published daily, providing information on all securities quoted on its Exchange
"DMO"	Debt Management Office
"Encumbrance"	Any interest or equity of any person (including any right to acquire, option or right of pre-emption or conversion) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement or any agreement to create any of the above
"Event of Default"	All such events of default as are defined under the Programme Trust Deed
"Exchange"	The FMDQ Exchange or The NSE or any other securities exchange recognised by the Commission

"Federal Government" or "FGN" or "Government"	Federal Government of Nigeria
"FIRS"	Federal Inland Revenue Service
"Fixed Rate"	The rate of interest payable in respect of Fixed Rate Bonds
"Fixed Rate Bonds"	Bonds in respect of which interest is to be calculated and paid on a fixed rate basis and will not change during the life of the Bonds
"Floating Rate"	The rate of interest payable in respect of Floating Rate Bonds
"Floating Rate Bonds"	Bonds in respect of which interest is to be calculated and paid in a floating rate basis in accordance with a variable benchmark rate as prescribed in the Applicable Pricing Supplement
"FMDQ" or "FMDQ Exchange"	FMDQ Securities Exchange PLC
"FRCoN"	Financial Reporting Council of Nigeria
"High Net Worth Individual" or "HNI"	As defined in Rule 321 of the SEC Rules
"IASB"	International Accounting Standards Board
"IFRS"	International Financial Reporting Standards
"Instruments"	Any registered Bond issued by the Issuer under the Bond Issuance Programme
"Intercompany Bond"	The bond issued (where specified under a Pricing Supplement) by the Co-Obligor and purchased by the Issuer with the net proceeds of the Bonds issue on the terms contemplated in the MIBPA
"ISA"	Investments and Securities Act (No 29 of 2007)
"Issue Date"	The date on which a Bond is issued and when accrual of the Coupon on the Bond commences
"Issue Price"	The price at which a Bond is issued as specified in the Applicable Pricing Supplement
"Issuer" or the "Company"	TSL SPV PLC
"Issuing Houses"	Stanbic IBTC Capital Limited, ARM Securities Limited and any other person that may be appointed as an Issuing House
"Joint Issuing House / Bookrunner"	ARM Securities Limited and any other person that may be appointed as a Joint Issuing House / Bookrunner
"Lead Issuing House / Bookrunner" or "Stanbic IBTC"	Stanbic IBTC Capital Limited
"LFN"	Laws of the Federation of Nigeria 2004
"Maturity Date"	The date as specified in each Pricing Supplement on which the principal amount and Coupon is due for redemption
"MIBPA"	The Master Intercompany Bonds Purchase Agreement executed where applicable in accordance with a Pricing Supplement, among Transport Services Limited, the Issuer and FBNQuest Trustees Limited under which TSL issues the Intercompany Bonds to the Issuer

“Minimum Reserve Account”	An account which the Issuer may establish for a Series pursuant to the relevant Pricing Supplement and which shall be managed by the Trustee or such other trustee specified in the Pricing Supplement
“Naira”, “NGN” or “N”	The Nigerian Naira
“NBS”	National Bureau of Statistics
“Nigeria”	The Federal Republic of Nigeria, and the term “Nigerian” shall be construed accordingly
“NSE”	The Nigerian Stock Exchange
“Offer Documents”	Documents prepared in relation to the Programme and each Series including this Shelf Prospectus, each Applicable Pricing Supplement, the Programme and Series Trust Deeds, the MIBPA (where applicable), and any other documents as may be required by the Commission
“Payment Account”	In relation to a Series, an account opened by the Issuer, in the name of, managed and controlled by the Trustee and into which the Issuer shall make payments in accordance with the terms of that Series
“Permitted Indebtedness”	Any obligation for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent, incurred in respect of: (a) money borrowed or raised, (b) any bond, note, loan stock, debenture or similar instrument, (c) acceptance or documentary credit facilities, (d) foreign exchange options, (e) rental payments, underleases and hire purchase agreements and instalments under conditional sale agreements (in all cases whether in respect of land, machinery, equipment or otherwise) entered into primarily as a method of raising finance or of financing the acquisition or use of the asset concerned, (f); any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing); and (g) guarantees, indemnities, bonds, standby letters of credit or other instruments issued in connection with the performance of contracts and or in respect of the indebtedness of any other person, provided that any amounts owed to trade creditors in the ordinary course of business shall be excluded
“PIT”	Personal Income Tax
“PITA”	Personal Income Tax Act Cap, P8, LFN 2004 (as amended by the Personal Income Tax (Amendment) Act No. 20 of 2011) and the Finance Act, 2020
“Principal Amount”	The nominal amount of each Bond, as specified in the Applicable Pricing Supplement
“Professional Parties”	Professionals engaged by the Issuer to advise on the establishment of the Bond Issuance Programme and the issuance of Bonds thereunder

"Qualified Institutional Investor"	As defined in Rule 321 of SEC Rules, Institutional purchasers of securities, including Fund Managers, Pension Fund Administrators, Insurance Companies, Investment/Unit Trusts, Multilateral and Bilateral Institutions, Registered and/or Verifiable PE funds and Hedge Funds, Market Makers, Staff Schemes, Trustees/Custodians, and Stock Broking Firms
"Rating Agencies"	Agusto or any other rating agency that may be appointed
"Record Date"	The date on which the list of holders of the Bonds is extracted from the Register for the purposes of making Coupon payments
"Receiving Bank"	Access Bank Plc
"Redemption Amount"	The aggregate Principal Amount and any applicable Coupon outstanding in respect of a series of Bonds on the Maturity Date as specified in the Applicable Pricing Supplement
"Register"	The Bond register kept at the specified office of the Registrar into which shall be entered the names and addresses of each Bondholder and the particulars, transfers and redemption of the Bonds held by each Bondholder for the relevant Series
"Registrar"	Meristem Registrars and Probate Services Limited or any other person so appointed by the Issuer
"Reporting Accountants"	Deloitte & Touche or any other person that may be appointed as Reporting Accountants
"Reverse Floating Rate"	Bonds in respect of which interest is calculated to have an inverse relationship to the referenced benchmark rate
"SEC Rules" or "Rules and Regulations"	The rules and regulations of the Securities & Exchange Commission (2013) issued pursuant to ISA as may be amended from time to time
"SEC" or "The Commission"	Securities & Exchange Commission
"Series"	Tranche of Bonds together with any further Tranche or Tranches of Bonds which are: - expressed to be consolidated and form a single series and - are identical in all respects (including as to listing) except for their respective Issue Dates, Coupon Payment Dates and/or Issue Prices
"Series Trust Deed''	A deed supplementing or modifying the provisions of the Programme Trust Deed entered into by the Issuer, Co-Obligor and the Trustee with regards to a specific Series and empowering the Trustee to hold, administer and manage the applicable assets
"Shelf Prospectus" or "Prospectus"	This prospectus that TSL SPV PLC has filed in accordance with the Rules and Regulations, which contains details of the Bond Issuance Programme
"The Constitution"	The constitution of the Federal Republic of Nigeria 1999 (as amended)
"Tranche"	Bonds which are identical in all respects

"Trust Deed" or "Programme Trust Deed"	The programme trust deed between the Issuer, the Co-Obligor and the Trustee by which the Bond Issuance Programme is constituted
"Trust Deeds"	The Programme Trust Deed and the Series Trust Deed(s)
"Trustee"	FBNQuest Trustees Limited which is granted fiduciary power by the Issuer to enforce the terms and conditions of the Bond Issuance Programme
"TSL" or the "Co-Obligor"	Transport Services Limited
"Validity Period''	A period expiring three (3) years from the date of SEC approval of this Shelf Prospectus, during which, bonds may be issued under the Programme
"VAT"	Value Added Tax
"WHT"	Withholding tax as provided for in section 78(2) of CITA
"Zero Coupon Bond"	A Bond issued at a discount to its face value

FORWARD LOOKING STATEMENTS

Certain statements included herein may constitute forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements can be identified by the use of forward looking terminology such as “estimates”, “believes”, “expects”, “may”, “are expected to”, “intends”, “will”, ‘‘will continue”, “should”, “would”, “seeks”, “approximately”, or “anticipates”, or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Shelf Prospectus and include statements regarding the Issuer and Co-Obligor’s intentions, beliefs or current expectations concerning, amongst other things, the Issuer and Co-Obligor’s results of operations, financial condition, liquidity, prospects, growth, strategies and the markets in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that the Issuer and Co-Obligor’s actual results of operations, financial condition and liquidity and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this Shelf Prospectus. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realized.

Factors that could cause actual results to differ materially from the Issuer and Co-Obligor’s expectations are contained in cautionary statements in this Shelf Prospectus and include, among other things, the following:

- Overall political, economic and business conditions in Nigeria;
- Changes in government regulations, especially those pertaining to the banking industry;
- Changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
- Economic and political conditions in international markets, including governmental changes;
- The demand for the Issuer’s and Co-Obligor’s products and services;
- Competitive factors in the industries in which the Issuer, Co-Obligor and their customers operate;
- Interest rate fluctuations and other capital market conditions;
- Exchange rate fluctuations; and
- The timing, impact and other uncertainties of future actions.

The sections of this Shelf Prospectus entitled “**Risk Factors**”, “**Overview of the Transport and Logistics Industry**”, “**Overview of TSL SPV PLC**”, “**Overview of Transport Services Limited**”, “**Reporting Accountants’ Report**” and “**Statutory and General Information**” contain more detailed discussions of the factors that could affect the Issuer’s future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Shelf Prospectus may not occur.

The Issuer and Co-Obligor do not undertake any obligation to update or revise any forward-looking statements made in this Shelf Prospectus whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributed to the Issuer, Co-Obligor or to persons acting on the Issuer and Co-Obligor’s behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Prospectus. A prospective investor of the Instruments should not place undue reliance on these forward-looking statements.

THIRD PARTY INFORMATION

The Issuer and Co-Obligor have obtained certain statistical and market information that is presented in this Shelf Prospectus on such topics as the Nigerian economic landscape and related subjects from certain government and other third-party sources described herein. The Issuer and Co-Obligor have accurately reproduced such information and, so far as the Issuer and Co-Obligor are aware and are able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. Market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative.

Prospective investors should also note that some of the Issuer and Co-Obligor's estimates are based on such third-party information. Neither the Issuer, the Co-Obligor nor the Issuing Houses have independently verified the figures, market data or other information on which these third parties have based their studies. Certain statistical information reported herein has been derived from official publications of, and information supplied by, a number of Government agencies and ministries, including the CBN, the Nigerian Debt Management Office and the Nigerian National Bureau of Statistics.

ROUNDING

Certain figures included in this Shelf Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures, which precede them.

ISSUE OF PRICING SUPPLEMENTS / SUPPLEMENTARY SHELF PROSPECTUSES

Following the registration of this Shelf Prospectus, a supplementary Shelf Prospectus or Pricing Supplement may be prepared by the Issuer and Co-Obligor for the approval of the SEC, as the case may be, in accordance with Rule 279(3)(6)(b) of the SEC Rules.

Statements contained in any such supplement shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Shelf Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Shelf Prospectus.

The Issuer and Co-Obligor declare that, to the best of their knowledge and honest belief, no material facts have been omitted from, and there are no material misstatements in, this Shelf Prospectus, which would make any statement contained herein misleading or untrue. The Issuer and the Co-Obligor will, in the event of any significant new factor or material mistake or inaccuracy relating to information included in this Shelf Prospectus that is capable of affecting the assessment of the Programme or the Bonds, prepare a supplement to this Shelf Prospectus or publish a new Shelf Prospectus for use in connection with any subsequent issue of Bonds.

TSL SPV PLC

19th March 2020

The Director General
Securities & Exchange Commission
SEC Tower
Plot 272 Samuel Adesujo Ademulegun Street
Central Business District
Abuja

Dear Sir,

ESTABLISHMENT OF A ₦50 BILLION BOND ISSUANCE PROGRAMME BY TSL SPV PLC (THE "PROGRAMME") AND THE SUBSEQUENT ISSUANCE OF BONDS UNDER THE PROGRAMME

This Shelf Prospectus has been prepared by the Issuing Houses on behalf of **TSL SPV PLC** (the "**Issuer**") with a view to providing a description of the relevant aspects of the Issuer's business in connection with the establishment of the Programme.

We hereby make the following declarations in respect of the Programme:

1. We confirm that the information contained in this Shelf Prospectus is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import;

2. There has been no significant change in the financial condition, or material adverse change in the prospects of the Issuer since the date of the document;

3. The Issuer is not in breach of any terms and conditions in respect of borrowed monies which would result in the occurrence of an event of default and an immediate recall of such borrowed monies during the 12 (twelve) months preceding the date of the Shelf Prospectus; and

4. No prosecution has been commenced against the Issuer during the 12 (twelve) calendar months immediately preceding in respect of any breach or contravention of any securities of the Companies and Allied Matters Act Chapter C20, Laws of the Federation of Nigeria 2004.

SIGNED for and on behalf of TSL SPV PLC
By its duly Authorised Representatives:

Olanrewaju Ayodeji Wright	**Adeniun Taiwo**	**Yetunde Niyilola Adewale**
Chief Executive Officer	Chief Financial Officer	Company Secretary

Notary Public
ADEKUNLE OBERE ESQ
Sign
Date

Way, Oregun Industrial Estate, Oregun, Ikeja, Lagos, Nigeria
29 8802, 080 5749 3806, 080 5729 9755

Transport Services Ltd

19th March 2020

The Director General
Securities & Exchange Commission
SEC Tower
Plot 272 Samuel Adesujo Ademulegun Street
Central Business District
Abuja

Dear Sir

ESTABLISHMENT OF A ₦50 BILLION BOND ISSUANCE PROGRAMME BY TSL SPV PLC (THE "PROGRAMME") AND THE SUBSEQUENT ISSUANCE OF BONDS UNDER THE PROGRAMME

We are the Sponsors in respect of this Shelf Prospectus, which has been prepared by the Issuing Houses on behalf of TSL SPV PLC (the "**Issuer**") with a view to providing a description of the relevant aspects of the Issuer's business in connection with the establishment of the Programme.

We hereby make the following declarations in respect of the Programme:

1. We confirm that the information contained in this Shelf Prospectus is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import;

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4. No prosecution has been commenced against the Issuer during the 12 (twelve) calendar months immediately preceding in respect of any breach or contravention of any securities of the Companies and Allied Matters Act Chapter C20, Laws of the Federation of Nigeria 2004.

SIGNED for and on behalf of TRANSPORT SERVICES LIMITED
By its duly Authorised Representatives:

Olanrewaju Ayodeji Wright	Adeniun Taiwo	Yetunde Niyilola Adewale
Chief Executive Officer	**Chief Financial Officer**	**Company Secretary**

Notary Public
ADEKUNLE OBEBE ESQ
Sign: [illegible]
Date: [illegible]

[illegible] Way, Oregun Industrial Estate, Oregun - Ikeja, Lagos, Nigeria
Tel: [illegible]
[illegible]

Directors and Company Secretary of the Issuer

Directors:
Mr Olanrewaju Ayodeji Wright
16 Billings Way
Oregun
Ikeja
Lagos
O. AYODEJI WRIGHT

Directors:
Mr Olawale Adedayo Fatoki
16 Billings Way
Oregun
Ikeja
Lagos
KALE FATOKI

Company Secretary:
Ms Yetunde Niyilola Adewale
16 Billings Way
Oregun
Ikeja
Lagos
Yetunde N. Adewale

Directors and Company Secretary of the Sponsor

Directors:
Mr Olanrewaju Ayodeji Wright
16 Billings Way
Oregun
Ikeja
Lagos
O. AYODEJI WRIGHT

Directors:
Mr Olawale Adedayo Fatoki
16 Billings Way
Oregun
Ikeja
Lagos
KALE FATOKI

Company Secretary:
Ms Yetunde Niyilola Adewale
16 Billings Way
Oregun
Ikeja
Lagos
Yetunde N. Adewale

Lead Issuing House
Stanbic IBTC Capital Limited
I.B.T.C. Place
Walter Carrington Crescent
Victoria Island
Lagos
Kobby Bentsi-Enchill

Joint Issuing House
ARM Securities Limited
1 Mekunwen Road
Off Oyinkan Abayomi Drive
Ikoyi
Lagos
Oluwafunke Majekodunmi

Solicitors to the Co-Obligor
Koya & Kuti Solicitors
St Peter's House
5[th] Floor
3 Ajele Street
Lagos
Kenechi Tamara

Solicitors to the Transaction
The New Practice
49 Raymond Njoku Street
Ikoyi
Lagos
Baba Alokolaro

Trustee
FBNQuest Trustees Limited
10 Keffi Street
Ikoyi
Lagos
Adekunle Awojobi

Legal Adviser to the Trustee:
Detail Commercial Solicitors
DCS Place
8 DCS Street
Lekki Phase 1
Lagos

Reporting Accountants
Deloitte & Touche
Civic Towers Plot GA 1
Ozumba Mbadiwe Avenue
Victoria Island
Lagos
Temitope Obilaja

Auditor
Ernst & Young
10[th] & 13[th] Floors UBA House
57 Marina
P.O Box 2442 Marina
Lagos
Omolola Alebiosu

Registrars
Meristem Registrars & Probate Services Limited
213 Herbert Macaulay Way
Adekunle Yaba
Lagos
Martina Osague

Receiving Bank
Access Bank Plc
14/15 Prince Alaba Abiodun
Oniru Road
Victoria Island
Lagos
Lockman Martins

Rating Agency
Agusto & Co Limited
5[th] Floor UBA House
57 Marina
Lagos
ADEGBITE OLUKOYA

Other Information
Registered Address[1]
Transport Services Limited
Development House
6[th] Floor 21 Wharf Road
Apapa
Lagos

[1] *Regional offices of the Issuer and Co-Obligor can be found on the Co-Obligor's website http://tslimited.com/contact-us/*

DOCUMENTS TO BE INCORPORATED BY REFERENCE

The Issuer and Co-Obligor will, in the event of any material change in its financial position, which is not reflected in this Prospectus, prepare an amendment or supplement to this Prospectus; also, the Issuer and the Co-Obligor's information given in this Prospectus and the terms and conditions of additional Bonds to be issued under the Programme may be updated in a supplement pursuant to the Rules & Regulations. Any such amendment or supplement will be incorporated by reference into this Prospectus and forms an integral part hereof. Any statement contained in a document that is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

This Prospectus and any supplement (as applicable) are accessible, and copies of them are available free of charge at the offices of the Issuing Houses from 8:00 am till 5:00 pm on Business Days, and on the website of the Co-Obligor (www.tsllimited.com), during the validity of the Programme.

Telephone enquiries should be directed to the Issuing Houses on:

Stanbic IBTC Capital Limited: +234 1 422 8000

ARM Securities Limited: +234 1 270 1653

This Shelf Prospectus is issued pursuant to the ISA, SEC Rules and Regulations, listing and quotation requirements of the Exchanges and contains particulars in compliance with the requirements of the SEC for the purpose of giving information to the public with regard to the ₦50,000,000,000 Bond Issuance Programme established by the Issuer and Co-Obligor. The specific terms of each Series or Tranche in respect of which this Shelf Prospectus is being delivered will be set forth in the Applicable Pricing Supplement and shall include the specific designation, aggregate principal amount, the currency or currency unit for which the Instruments may be purchased, maturity, interest provisions, authorised denominations, issue price, any terms of redemption and any other specific terms. If a specific issue under the Programme requires a listing, an application will be made to The NSE and/or the FMDQ for the admission of such Instruments to the relevant Exchange.

Each of the Directors represents that he has taken reasonable care to ensure that the information concerning the Issuer and Co-Obligor contained in this Prospectus is true and accurate in all material respects as at the date of this Prospectus and confirm, having made all reasonable enquiries, that to the best of his knowledge and belief, there are no material facts, the omission of which, would make any material statement herein misleading or untrue.

Lead Issuing House / Bookrunner	Joint Issuing House / Bookrunner
STANBIC IBTC CAPITAL LIMITED **RC: 1031358**	**ARM SECURITIES LIMITED** **RC: 125242**

ON BEHALF OF

TSL SPV PLC
RC 1659158

Are authorized to issue this Shelf Prospectus in respect of

THE ₦50,000,000,000 BOND ISSUANCE PROGRAMME

This Shelf Prospectus contains:

1. on page 15, a declaration to the effect that the Issuer and its subsidiaries did not breach any terms and conditions in respect of borrowed monies which resulted in the occurrence of an Event of Default and an immediate recall of such borrowed monies during the twelve (12) calendar months immediately preceding the date of filing an application with the SEC for the registration of this Shelf Prospectus;
2. on page 16, a declaration to the effect that the Co-Obligor and its subsidiaries did not breach any terms and conditions in respect of borrowed monies which resulted in the occurrence of an Event of Default and an immediate recall of such borrowed monies during the twelve (12) calendar months immediately preceding the date of filing an application with the SEC for the registration of this Shelf Prospectus;
3. on pages 59 to 121, the Reporting Accountants' Report on the Co-Obligor's historical financial information, prepared by Deloitte & Touche for incorporation in this Shelf Prospectus;
4. on page 57, an extract of the Rating Report prepared by Agusto & Co Limited; and
5. on page 122 and 130, the details and summary of the claims and litigation against the Co-Obligor prepared by The New Practice.

The information contained in this section is a summary of certain aspects of the Programme and the principal features of the Bonds to be issued thereunder. This summary does not contain all the information that is to be considered before investing in the Bonds nor does it purport to be a complete or professional review of the investment situation regarding the possible acquisition of the Bonds which may currently be under consideration. Therefore, it should be read in conjunction with, and is qualified in its entirety by reference to the detailed information presented in the remainder of this Shelf Prospectus and to the detailed provisions of each of the Offer Documents and the Applicable Pricing Supplement. Investors should read the entire Shelf Prospectus carefully, especially the risks involved in investing in the Bonds which are discussed under "Risk Factors".

Description of the Transaction Structure

The Issuer, TSL SPV PLC, is a special purpose vehicle set up specifically to raise funding via debt securities issuances under the Programme. The net proceeds of each issue of Bonds by the Issuer will be advanced or passed through to the Co-Obligor under the terms of the Trust Deed and or a MIBPA between the Issuer, TSL and the Trustee as specified in the Applicable Pricing Supplement.

The Co-Obligor shall have a joint and several obligation to repay the aggregate principal amount outstanding and Coupon under the Trust Deed and/or MIBPA in accordance with the Applicable Pricing Supplement.

The Trustee shall hold the benefit of the repayment obligations of all monies payable in respect of all monies passed through / advanced to the Co-Obligor under the Trust Deed and/or the MIBPA on trust for the benefit of the Bondholders.

Funding of Transaction Accounts

Where specified in the Applicable Pricing Supplement, the Co-obligor may be required to maintain a Payment Account under the control of the Trustee and in accordance with the Trust Deed and the Account Bank Agreement, as well as a Minimum Reserve Account (where applicable).

The Co-Obligor shall fund the payment obligations of itself and the Issuer by crediting the Payment Account using their cash flows in accordance with the Series Trust Deed/Pricing Supplement applicable to the relevant Series of Bonds. The Co-obligor shall also maintain the Minimum Reserve Account, where applicable, in such minimum reserve amounts determined under the Applicable Pricing Supplement for the relevant Series.

Servicing of the Bonds

Payment of Coupons and scheduled repayment of principal, in accordance with the repayment schedule in the Applicable Pricing Supplement will be serviced with payments received from the Co-Obligor in accordance with the terms of the applicable Trust Deed or MIBPA.

SUMMARY OF THE PROGRAMME

This summary should be read as an introduction to this Shelf Prospectus. It does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Shelf Prospectus as a whole and, any Supplement and other documents, if any, incorporated by reference into this Shelf Prospectus.

TERMS	DESCRIPTION
Issuer:	TSL SPV PLC
Co-Obligor:	TSL
Guarantor	Refers to the guarantor specified in the Applicable Pricing Supplement
Programme Description	A Bond Issuance Programme undertaken by the Issuer of convertible and non-convertible, senior or subordinated debt instruments to be issued in Series, and or Tranches. The Programme covers Fixed Rate Bonds, Floating Rate Bonds, Reverse Floating Bonds, Zero Coupon Bonds, any combinations thereof and in any other format recognised by the SEC, all of which shall be denominated in Naira or in such other currency as may be agreed between the Issuing Houses and the Issuer and specified in the applicable Supplement. No Bonds shall be offered on the basis of this Prospectus or any Supplement after the expiration of the Validity Period or any other validity period as enforced by the SEC from time to time unless the Validity Period is renewed by the SEC The Bonds shall be constituted by the Programme Trust Deed and a Series Trust Deed. A Series Trust Deed will be issued in respect of each Series, provided that any terms and conditions relevant to additional Bonds, if any, under the Programme shall be governed by the relevant Series Trust Deed
Programme Limit	₦50,000,000,000 (Fifty Billion Naira) aggregate principal amount of Bonds outstanding at any one time
Lead Issuing House	Stanbic IBTC Capital Limited or such other issuing house as may be specified in the Applicable Pricing Supplement
Issuing House(s)	ARM Securities Limited, Stanbic IBTC Capital Limited and any other issuing house(s) appointed from time to time either in relation to the Programme or for a specific Series issued under the Programme
Trustee	FBNQuest Trustees Limited
Registrar / Paying Agent	Meristem Registrars & Probate Services Limited and/or such other registrar/paying agent as may be specified in the applicable Pricing Supplement
Method of Issue	The Bonds under this Programme may be issued via an offer for subscription, auction or private placement, through a Book Building process and/or any other methods as specified in the Applicable Pricing Supplement approved by the SEC
Issuance in Series	The Bonds will be issued in Series, and each Series may comprise one or more Tranches issued on different dates. The Bonds in each Series will have identical terms (except that the Issue Dates, Maturity Dates, Issue Price, Coupon Commencement Dates and related matters may be different). Details applicable to each Series and Tranche will be specified in the applicable Supplement
Currency	The Bonds shall be denominated in Naira (₦) or in such other currency as may be agreed between the Issuer and the Issuing Houses and specified in the relevant Supplement, subject to compliance with all applicable legal and regulatory requirements. Where any currency other than the Naira is specified in the relevant Supplement, the selling restrictions and additional

	disclosure requirements applicable to such other currency will be specified in the relevant Supplement
Use of Proceeds	The net proceeds from each Series or Tranche under the Programme will be used solely for the purposes for which the Bonds were issued and shall be disbursed in the manner disclosed in the applicable Supplement
Maturities	The Bonds shall have such maturities, as may be agreed by the Issuer and the Issuing Houses and specified in the applicable Supplement, subject to such maturities as may be allowed or required from time to time by the relevant laws or regulations applicable in Nigeria
Maturity Date	As specified in the applicable Supplement
Tenor	The tenor of a particular Series or Tranche shall be determined by the Issuer in consultation with the Issuing Houses and specified accordingly in the applicable Supplement for the Bonds being issued
Tax Status of the Instruments	The Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order, 2011 ("Order") and the PITA exempt income and interest earned by holders of bonds issued by corporate bodies from the imposition of income tax under the CITA and PITA respectively. The exemption granted under this Order is for a period of 10 years commencing from January 2, 2012 while there is no similar limitation in respect of the exemption under PITA. Furthermore, the proceeds from the disposal of the Bonds are exempt from tax imposed under the VAT Act by virtue of the Value Added Tax (Exemption of the Proceeds of the Disposal of Government and Corporate Securities) Order 2011, commencing from January 2, 2012. This exemption is also for a period of ten (10) years from the commencement date of this Order. Thus, the Issuer will not be required by law to withhold tax on Coupon payments to the Bondholders during this period. In relation to Bonds with a maturity date later than January 2, 2022, the Issuer may be required by law to withhold tax on Coupon payments to the Bondholders In addition, the Value Added Tax (Exemption of Commissions on Stock Exchange Transactions) Order, 2014 exempts (a) commissions earned on traded value of the shares, and (b) commissions payable to the SEC, The NSE and the Depository from VAT for a period of five years from the commencement date of the order i.e. 25th July, 2014. In light of the fact that this Order expired in 2019 and was not extended, Issuer will be required to pay VAT on commissions payable to the SEC, NSE and Depository, in respect of the Bonds
Issue Price	Bonds may be issued at par value or at a discount to par value. The Issue Price of a specific Series or Tranche shall be specified in the applicable Supplement
Closing Date	The Closing Date of a specific Series or Tranche shall be stated in the applicable Supplement
Coupon	Bonds may be interest-bearing or non-interest bearing. The Coupon, if any, payable on the Bonds shall be determined by the Issuer and Issuing Houses and stated accordingly in the applicable Supplement
Frequency	The frequency of payment of interest and any other monies due on the Bonds shall be specified in the applicable Supplement
Repayment	Repayment terms in respect of the Bonds issued under the Programme shall be specified in the applicable Supplement
Day Count Convention	Different day count conventions may be stipulated in the applicable Supplement
Principal Redemption	Bonds will be redeemed on the dates specified in the relevant Supplement

Early Redemption	Early redemption will be permitted only to the extent specified in the applicable Supplement, and subject to any applicable legal and regulatory limitations
Redemption Amount	The relevant Supplement will specify the redemption amount or, if applicable, the basis for calculating the redemption amounts payable
Form of Instruments/ Transferability	The Bonds will be issued in un-certificated or book entry form registered with a separate identification code with the Depository as specified in the applicable Supplement. Where Bonds are represented by a certificate(s), such certificate will be numbered serially with an identifying number recorded in the relevant certificate and in the Register. The Bonds will be freely transferable in accordance with the provisions of the Trust Deed
Interest Rate	If the applicable Supplement so specifies, the Bonds of any Series will bear interest from the Coupon Commencement Date at the Coupon rate specified in, or determined in accordance with the applicable Supplement and such interest will be payable in respect of each Coupon Period on the Interest Payment Date(s) specified in the applicable Supplement. The interest payable on the Instruments of any Series for a period other than a full Interest Period shall be determined in accordance with the applicable Supplement
Interest Period(s) or Interest Payment Dates for Floating Rate Instruments	Such period(s) or date(s) as shall be specified in the applicable Supplement
Status	Unless stated otherwise in an applicable Supplement, the Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer which shall at all times rank pari passu without preference or priority among themselves and, save for certain debts required to be preferred by law, rank equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time owing, save for such obligations as may be preferred by provisions of law that are both mandatory from time to time outstanding and of general application
Subscription of Instruments	The Bonds may be subscribed to in accordance with the form of application set out in the applicable Pricing Supplement relating to the Instruments being issued
Listing	Each Series or Tranche may be listed on The NSE and/or FMDQ platform, and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system as specified in the relevant Supplement
Underwriting	The Bonds may be partially or fully underwritten on a standby or firm basis as stated in the relevant Supplement
Co-Obligor's Rating	The Co-Obligor was assigned a rating of Bbb by Agusto in August 2020
Issue Ratings	Bonds issued under the Programme will be assigned a rating and such rating shall be indicated in the applicable Supplement. The rating is valid for a period of one year from the date of the rating exercise, following which the rating will be reviewed in accordance with the SEC Rules and Regulations
Negative Pledge	Other than any Permitted Indebtedness or as long as any of the Bonds are outstanding, the Issuer shall not, and shall procure that none of its Affiliates, (i) create or permit to subsist (without the written consent of the Trustee, such consent not to be unreasonably withheld) any mortgage, charge, pledge, lien or any Encumbrance upon the whole or any part of its present or future undertaking, business, assets or revenue to secure any indebtedness, unless the Issuer's obligations under the Bonds are secured equally and rateably with the said obligations or have the benefit

	of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem not to be materially less beneficial to the Bondholders; (ii) directly or indirectly secure any other financial indebtedness represented by bonds or any other debt securities which are, or are capable of being, traded or listed on any or over-the-counter or similar securities market without the prior consent of the Trustee
Governing Law	The Bond Issuance Programme, the Trust Deed and related documents will be governed by, and construed in accordance with the laws of Nigeria

The receipt of this Shelf Prospectus or any information contained in it or supplied with it or subsequently communicated to any person does not constitute investment advice from the Issuing House to any prospective investor. Prospective investors should make their own independent assessment of the merits or otherwise of subscribing to the securities offered herein and should seek their own professional advice in connection with any prospective investment by them.

The members of the Board of Directors individually and collectively accept full responsibility for the accuracy of the information contained herein and have taken reasonable care to ensure that the material facts contained herein are true and accurate in all material respects and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no material facts, the omission of which would make any material statement herein misleading or untrue. Additional information may be obtained through the office of the Issuing Houses as listed on page 17 of this Shelf Prospectus on any Business Day during the period of the respective opening and closing dates of the issuance of Bonds under the Programme, provided that the Issuing Houses possess such information or can acquire it without unreasonable effort or expense.

Nothing in this Shelf Prospectus should be construed to mean that the Issuing Houses are bound to provide any information coming to their attention to any Holder or potential investor in the Bonds. Also, the Issuing Houses are not bound to advise any investor or potential investors on the financial condition or affairs of the Issuer during the life of the arrangement contemplated therein.

The Bonds are complex financial instruments suitable only for sophisticated investors. As such, each potential investor in any Bonds must determine the suitability of that investment in light of its own circumstances.

A potential investor should not invest in the Bonds, which are complex financial instruments unless the potential investor has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

In particular, each potential investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable Supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such an investment will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including thoroughly understanding the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and (iv) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

*The following is the text of the general terms and conditions which, subject to amendment and as completed, modified, supplemented, varied or replaced, in whole or in part, by the final terms which are set out in the relevant Series Trust Deed (the **"Final Terms"**) and, except for the italicised text, will apply to the Bonds and will be endorsed on the back of each certificate issued in respect of the Bonds.*

*The provisions of these terms and conditions set out below (the **"Conditions"**) which are applicable to the Bonds issued under the Programme shall be deemed to be completed by the information contained in the relevant Final Terms. Bonds may be issued in separate tranches which together with other tranches, may form a series of bonds. Any provision of the Final Terms modifying, supplementing or replacing, in whole or in part, the provisions of these Conditions shall be deemed to so modify, supplement or replace, in whole or in part, the provisions of these Conditions; alternative or optional provisions of these Conditions as to which the corresponding provisions of the Final Terms are not completed or are deleted shall be deemed to be deleted from these Conditions; and all provisions of these Conditions which are inapplicable to the Bonds shall be deemed to be deleted from these Conditions, as required to give effect to the terms of the relevant Final Terms.*

The Bonds are constituted by and under the Programme Trust Deed dated on or about the date of this Deed between **TSL SPV Plc** (the "**Issuer**"), **the Company** (as "**Co-Obligor**"), and **FBNQuest Trustees Limited** (the "**Bond Trustee**") as supplemented by the relevant Series Trust Deed between the Parties. The Bondholders are entitled to the benefit of and are bound by, and are deemed to have notice of, all the provisions of the Programme Trust Deed and the relevant Series Trust Deeds applicable to them. Copies of the Programme Trust Deed are available for inspection between the hours of 10:00am and 4:00pm on any Business Day at the designated office of the Bond Trustee as specified in the Series Trust Deed.

Any Series of Bonds which is to be created and issued pursuant to the Programme Trust Deed shall be constituted by, be subject to and have the benefit of a Series Trust Deed (the "**Series Trust Deed**") between the Issuer and the Bond Trustee. The Issuer shall execute and deliver such Series Trust Deed to the Bond Trustee containing such provisions (whether or not corresponding to any of the provisions contained in the Programme Trust Deed) as the Bond Trustee may require. Each Series Trust Deed shall set out the form of the Series of Bonds to be so constituted.

These Conditions include summaries of, and are subject to the detailed provisions of the Programme Trust Deed and the relevant Series Trust Deed. The Bondholders are entitled to the benefit of and are bound by, and are deemed to have notice of, all the provisions of the Programme Trust Deed and the relevant Series Trust Deed applicable to them.

Words and expressions defined in the Trust Deed (as same may be amended, varied or supplemented from time to time with the consent of the Parties) are expressly and specifically incorporated into and shall apply to these Conditions.

Capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Programme Trust Deed unless the context otherwise requires or unless otherwise stated.

1. **Form, Denomination and Title**

1.1 The Bonds shall be issued in registered form in denominations specified in the Series Trust Deed relating to the relevant Series**.** The Bonds issued under the Programme may be fixed rate bonds, floating rate bonds, discounted or a combination of such bonds.

1.2. The Bonds will be issued in uncertificated (dematerialised or book-entry) form, which shall be registered with a separate securities identification code with the applicable Depository.

1.3. A Series of Bonds may be listed on an Exchange as may be determined by the Issuer, subject to any Applicable Laws. Unlisted Bonds may also be issued under the Programme. The applicable Pricing Supplement will specify whether or not a Series or Tranche of Bonds will be listed, and on which financial exchange(s) they are to be listed (if applicable).

1.4. The title to the Bonds which will be issued in uncertificated form shall be effected in accordance with the rules governing transfer of title in securities held by the applicable Depository. In these Conditions, Bondholders and (in relation to a Bond) holder means the person in whose name a Bond is registered in the Register of Bondholders.

2. **Repayment**

The principal on the Bonds will be repaid on the relevant Maturity Date or on an amortising basis in accordance with the terms of the relevant Series or such date as the Bond Trustee in accordance with the Programme Trust Deed declare the Bonds to have become immediately repayable, together with such premium (if any) agreed in the relevant Series Trust Deed on such Bonds.

3. **Redemption**

3.1 Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Bonds at their principal amount on such dates as specified in the Series Trust Deed.

3.2 *Redemption by Instalments*

The Bonds may be partially redeemed by instalments on such dates and at such amounts specified in the applicable Final Terms and the payments made in instalments shall reduce the Principal Amount Outstanding on such Bond until fully redeemed at the Maturity Date.

3.3 *Redemption prior to Maturity*

3.3.1 Subject to the terms of the relevant Series Trust Deed, the Issuer shall be entitled at any time to redeem the whole or any part of the Bond upon giving the holders of the Bonds to be redeemed not less than a minimum of twenty (20) days and maximum of sixty (60) days' notice of its intention to do so, and at the expiration of such notice, the Issuer shall be entitled and bound to redeem the Bonds in respect of which such notice has been given.

3.3.2 In the event the Issuer determines to redeem only part of the Bond for the time being outstanding, the particular Bond to be redeemed shall be selected by drawing to be made as provided in Condition 8 or at the option of the Issuer *pro rata* to holdings.

3.3.3 Early redemption shall take place on such terms as shall be agreed in the relevant Series Trust Deed or on such terms as shall be determined by the Bondholders or the relevant Bondholder whose Bond is to be redeemed at 11a.m on the date set for redemption.

3.3.4 In the case of redemptions made under this Condition, not less than twenty (20) days and not more than sixty (60) days previous notice in writing of the date fixed for redemption shall be given by the Issuer to each Bondholder any of whose Bond is to be redeemed. Such notice shall state the amount of the Bond due for redemption and the condition under which such redemption is to be effected.

3.4 *Redemption due to material adverse changes*

For any Bonds issued under this Deed, the Issuer will have the option to redeem the Bonds in whole or in part of the Principal Amount Outstanding, together with Coupon accrued thereon to the date fixed for redemption, on giving of no more than sixty (60) days nor less than thirty (30) days' written notice to this effect (which notice shall be irrevocable and shall bind the Issuer to redeem the Bonds on such date), if:

3.4.1 there is any Force Majeure event which in the opinion of the Guarantor, adversely affects the business of the Issuer and/or Co-Obligor or the ability of the Issuer or Co-Obligor to perform its obligations under this Deed; or

3.4.2 the Issuer or Co-Obligor has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Nigeria or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date and such obligation cannot be avoided by the Issuer or the Co-Obligor taking reasonable measures available to it, and which obligation in the opinion of the Guarantor adversely affects the business of the Issuer or Co-Obligor or the ability of the Issuer or Co-Obligor to perform its obligations under this Deed.

4. **Purchase of Bond by the Issuer**

The Issuer may at any time and from time to time purchase any part of the Bonds through an Exchange on which the Bonds are listed, but not otherwise. Any Bond so purchased will be cancelled and will not be available for re-issue.

5. **Guarantee and Status of the Bonds**

5.1 Guarantee

The due payment of a specified proportion of any outstanding amount payable by the Issuer under the Bonds of any Series may be unconditionally and irrevocably guaranteed in accordance with the terms provided in the applicable Final Terms and or Deed of Guarantee. The Guarantor's obligations in that respect (the "Guarantee") shall be specified in the Final Terms.

5.2 Status of Bonds

The Bonds are direct and unsubordinated obligations of the Issuer and the Co-Obligor and of the Guarantor under the Guarantee (where applicable) and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer and Co-Obligor under the Bonds and in respect of principal and any interest on the Bonds shall at all times rank at least equally with all unsecured obligations of the Issuer and Co-Obligor, present and future except for obligations mandatorily preferred by law applying to companies generally.

5.3 Liability of Co-Obligor

Pursuant to the Programme Trust Deed, the Co-Obligor irrevocably and unconditionally guarantees the payment (immediately on demand, in immediately available funds, without any deduction, set-off, counterclaim or withholding of any kind (including without limitation, on account of taxes)), and performance of all of the obligations the Issuer may from time to time be obliged to fulfil under the Trust Deed, which obligations shall include monetary damages arising out of any failure by the Issuer to perform its obligations under the Programme Trust Deed to the extent that any failure to perform such obligations gives rise to monetary damages. Provided that upon the appointment of Additional and or Substitute Co-Obligors in accordance with Clause 9.10 of this Deed, the liability of the Co-Obligors shall be joint and several of each other without preferences or distinction among them.

6. **Negative Pledge**

Other than any Permitted Indebtedness, for as long as any of the Bonds are outstanding, the Issuer shall not, and shall procure that none of its Affiliates:

6.1. create or permit to subsist (without the written consent of the Bond Trustee, such consent not to be unreasonably withheld) any mortgage, charge, pledge, lien or any Encumbrance upon the whole or any part of its present or future undertaking, business, assets or revenue to secure any indebtedness, unless the Issuer's obligations under the Bonds are secured equally and rateably with the said obligations or have the benefit of such other security, guarantee, indemnity or other arrangement as the Bond Trustee in its absolute discretion shall deem not to be materially less beneficial to the Bondholders;

6.2. directly or indirectly secure any other financial indebtedness represented by bonds or any other debt securities which are, or are capable of being, traded or listed on any or over-the-counter or similar securities market without the prior consent of the Bond Trustee;

7. **Coupon**

The Bonds of any Series will bear interest from the Coupon Commencement Date at the coupon rate(s) specified in, or determined in accordance with the specific Pricing Supplement and such coupon will be payable in respect of each Coupon Period on the Coupon Payment Date(s) specified in the Pricing Supplement. The coupon payable on the Bonds of any Series for a period other than a full Interest Period shall be determined in accordance with the Pricing Supplement.

7.1. *Fixed Rate Bonds*

7.1.1 The Fixed Rate Bonds (being those Bonds that specify that interest is payable at a fixed rate) shall bear interest on the Principal Amount Outstanding at the coupon rate specified in the Final Terms from (and including) the Coupon Commencement Date to (but excluding) the Maturity Date. Coupon shall be payable in arrear on the Coupon Payment Date in each year.

7.1.2 If interest is required to be calculated for a period other than a full year, such interest shall be calculated on the basis of the actual number of days elapsed divided by three hundred and sixty-five (365) or such other method as described in the Pricing Supplement.

7.2. *Coupon on Floating Rate Bonds*

7.2.1. The Floating Rate Bonds (being those Bonds that specify that coupon is payable at a floating rate) shall bear Interest on its principal amount on such basis as may be described in the Pricing Supplement or Series Trust Deed by reference to a specified floating rate benchmark plus a margin.

7.2.2. Coupon on the Floating Rate Bonds shall accrue from (and including) the Coupon Commencement Date and the Coupon payable from time to time in respect of each of the Floating Rate Bonds will be determined in the manner specified in the Final Terms.

8 **Cancellation of Bonds**

Any part of the Bonds redeemed or purchased shall be cancelled and the Issuer shall not keep such Bond valid for the purpose of re-issue. For so long as the Bond is admitted to listing and or trading on the applicable Exchange and the rules of such Exchange require, the Registrar shall promptly inform the Exchange of the cancellation of any Bonds under this Condition 8.

9 **Trusts**

9.1 Except as required by law or as ordered by a court of competent jurisdiction the Issuer will recognise the Bondholder of any Bond as the absolute owner of such Bond and shall not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Bond may be subject.

9.2 The receipt by a Bondholder for the time being of any Bond (or in the case of joint registered holders, the payment to the joint Bondholder whose name stands first in the Register) or the principal of such Bond or of any other money payable in respect of the Bond shall be good discharge of the Issuer notwithstanding any notice it may have whether express or otherwise of the right, title, interest or claim of any other person to such principal, interest or other money. No notice of any trust whether express, implied or constructive shall (except as provided by statute or as required by a court of competent jurisdiction) be entered in the Register in respect of any Bond.

10 Freedom from Equities

Every Bondholder will be recognised by the Issuer as entitled to his Bond, free from any equities, set-off or cross-claim on the part of the Issuer against the original or any intermediate holder of the Bond.

11 Registration and Transfer of Bonds

11.1. Registration of Bonds

11.1.1. A Register of the Bonds shall be kept by the Registrar at its office, and there shall be entered in such Register:-

(i) The names and addresses of the Bondholders for the time being of the Bonds;
(ii) The amount of the units of Bonds held by every registered Bondholder;
(iii) The account number of the Bondholder;
(iv) The date at which the names of every registered Bondholder is entered in respect of the Bond standing in his name; and
(v) The serial number of each certificate issued in respect of a Bond and date of issue thereof.

11.1.2. Any change of name or address on a part of the Bondholder shall forthwith be notified to the Registrar and thereupon the Register shall be altered accordingly. The Bond Trustee and the Bondholders and any person authorised by any of them shall be entitled at all reasonable times during office hours to inspect the Register and to make copies of or take extracts from the same.

11.2. Transfer of Bonds

11.2.1. The Bond is transferable in amounts or integral multiples of an amount specified in the relevant Series Trust Deed.

11.2.2. Transfers of the Bond shall be by an instrument in writing in the form approved by Issuer and the Bond Trustee.

11.2.3. If the Bonds are listed, the Bonds shall be transferred on an Exchange in accordance with its rules.

11.2.4. Every instrument of transfer must be signed by or on behalf of the transferor or where the transferor is a corporation, properly executed according to its constitutional documents, and the transferor shall be deemed to remain the owner of the Bonds until the name of the transferee is entered in the Register.

11.2.5. Every instrument of transfer must be left for registration at the place where the Register is kept accompanied by such evidence as the Issuer may require to prove the title of the transferor or his right to transfer the Bond and (if the instrument of transfer is executed by some other person on his behalf) the authority of that person so to do.

11.2.6. The Issuer and Registrar shall retain all instruments of transfer after registration.

11.2.7. Registration of any Bond transfer shall not be carried out within fifteen (15) days ending on the due date for any payment of principal or Coupon on that Bond.

11.2.8. Any power of attorney granted by a Bondholder empowering his agent to deal with, or transfer any Bond in accordance with Depository procedures and guidelines and the terms of the Programme Trust Deed, which is lodged, produced or exhibited to the Registrar will be deemed to continue and remain in full force and effect as between the Issuer, the Bond Trustee, the Registrar and the grantor of that power, and may be acted on until express notice in writing that it has been revoked or notice of the death of the grantor has been received by the Registrar.

12 **Transmission**

12.1 In the case of the death of a Bondholder, the survivor(s) (where the deceased was a joint holder) and the executor or administrator of the deceased where he was a sole or only surviving holder shall be the only person(s) recognised by the Issuer as having any title to such Bond.

12.2 Any person becoming entitled to any Bond in consequence of the death or bankruptcy of any Bondholder or of any other event giving rise to the transmission of such Bond by operation of law may upon producing such evidence of his title as the Registrar(s) shall think sufficient, be registered as the holder of the Bond or subject to Condition 11 may transfer the Bond without being registered as the holder of such Bond.

13 **Method of Payment of Principal, Coupon and Premium**

13.1 Payment of the Principal, Coupon and premium (if any) due on all or any part of the Bond will be credited to the bank account nominated for this purpose by the Bondholder (or in the case of joint registered Bondholders) by the joint Bondholders.

13.2 Whenever any part of the Bond is redeemed, a proportionate part of each holding of the Bond shall be repaid to the Bondholders.

13.3 The Registrar shall give to the Bondholders not less than one (1) month's notice in writing of the time and mode for repayment of the Bonds to be redeemed and each such notice shall state the amount of the Bond for redemption.

13.4 At the time and place so fixed for redemption, each Bondholder shall, where applicable, deliver to the Registrar evidence of title to the Bonds issued by the applicable Depository in order that the same may be cancelled together with a receipt for the redemption moneys payable in respect of the Bonds, and upon such delivery, the Bond Trustee shall pay the Bondholder the amount payable to him in respect of such redemption, together with all accrued coupon.

13.5 If, on the Maturity Date, any Bondholder whose Bonds are liable to be redeemed fails or refuses to accept payment of the redemption moneys payable in respect of the Bond, the moneys payable to such Bondholder shall be paid to the Bond Trustee and the Bond Trustee shall hold the moneys in trust for such Bondholder and coupon on such Bonds shall cease to accrue as from the date fixed for redemption of the Bond and the Issuer shall subsequently be discharged from all obligations in connection with such Bonds. If the Bond Trustee places the moneys so paid to it on deposit at a commercial bank or invests the same in the purchase of securities for the time being authorised by law for the investment of trust funds, the Bond Trustee shall not be responsible for the safe custody of such moneys or for interest on the same, except such interest (if any) as the said money may earn whilst on deposit or invested, less any expenses incurred by the Bond Trustee.

14 **Receipts for Money Paid**

If several persons are entered in the Register as joint holders of any Bond, then the receipt by any such persons for any coupon or principal or other money payable on or in respect of such Bond shall be as effective as a discharge to the Issuer as if the person signing such receipt were the sole registered holder of such Bond.

15 **Events of Default**

If any of the following events stated in this Condition 15 has occurred and is continuing in accordance with the time frame set out below ("Events of Default"), the Bond Trustee may at its discretion or shall,

i. if so requested in writing by the Majority Bondholders; or

ii. if so directed by an Extraordinary Resolution of the Bondholders,

give written notice to the Issuer that the Bonds are immediately repayable, after which, subject to the applicable Final Terms, the Principal Amount Outstanding on the Bonds together with accrued Coupon shall become immediately due and repayable without further action or formality.

15.1. Non-Payment

If the Issuer and or Co-Obligor fail to pay any sums representing principal, coupon and premium (if any) on the Bonds or any fees or other sums within ten (10) Business Days after the Payment Date (the "Grace Period"). Provided however, that where such non-payment is due to a Force Majeure event the Bond Trustee may in its discretion (after consultation with the Issuer) determine that such Force Majeure event can be remedied within a reasonable period after the grace period referred to above in this Condition and extend the grace period.

15.2. Cross Default

If any Financial Indebtedness of the Issuer or the Co-Obligor of a value exceeding ₦1, 000, 000, 000.00 (One Billion Naira) (or its equivalent in any other currency) in aggregate (for the avoidance of doubt, any amounts being contested in good faith shall not be counted towards such value) is not paid when due or within ten (10) Business Days of: (i) its due date; or (ii) the end of any applicable period of grace, whichever is the later.

15.3. Insolvency

If:

15.3.1 the Issuer and or the Co-Obligor are unable, for the purposes of CAMA, to pay their debts, or admit inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness and for this purpose debt shall mean an amount not less than ₦1, 000, 000, 000.00 (One Billion Naira) (or its equivalent in any other currency);

15.3.2 a moratorium is declared in respect of any Financial Indebtedness of the Issuer or Co-Obligor, and such moratorium is not discharged within forty-five (45) Business Days after it was declared. Provided that the Issuer and or the Co-Obligor are able to show to the satisfaction of the Bond Trustee within ten (10) Business days after such moratorium is declared that it is in good faith negotiating the lift of the moratorium;

15.3.3 any corporate action or legal proceeding is concluded and judgment of the High Court or Federal High Court or if that judgment is appealed, the judgment of the Court of Appeal, or Supreme Court as the case may be is given against the Issuer and or the Co-Obligor in relation to:

15.3.3.1 a moratorium of any Financial Indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer and or the Co-Obligor other than a solvent liquidation or any reorganisation of the Issuer or the Co-Obligor;

15.3.3.2 the appointment of a liquidator (other than in respect of a solvent liquidation) receiver, administrator, administrative receiver or other similar officer in respect of the Issuer and or the Co-Obligor or any of their respective assets; or

15.3.3.3 any analogous procedure or step is taken in any jurisdiction, and such proceeding is not dismissed or terminated on or before the forty-fifth (45^{th}) Business Day (which would exclude days on which Nigerian courts are on vacation) after the order is made or if any such dismissal or stay ceases to be in effect (or such longer period as the Bond Trustee may permit).

15.4. Cessation of Business

If the Issuer and or Co-Obligor cease to conduct all or substantially all of its business as it now conducts or changes all or substantially all of the nature of its business or merges or consolidates with any other entity without the prior written consent of the Bond Trustee.

15.5. If a Material Adverse Effect has occurred;

15.6. Enforcement Proceedings

If any distress, execution or other process shall be levied or enforced upon or against any material assets of the Issuer or Co-Obligor and is not discharged, or stayed within ninety (90) days of service by the relevant officer of the court of such attachment, execution or other legal process, or if there is an encumbrance or a Receiver is appointed over any material assets of the Issuer and or the Co-Obligor and such event is certified in writing by the Bond Trustee to be in its opinion materially prejudicial to the interests of the Bondholders.

15.7. Breach of Other Obligations

(a) If the Issuer and or the Co-Obligor default in the performance or observance of any covenant, condition, provision or agreement including the representations and warranties, (other than any covenant for the payment of any sum owing on any part of the Bond) binding on them under this Deed, or required by the Issue Documents to which it is a party or any other document delivered in connection with the Bonds, and the Issuer fails to perform fully or make good the breach of such covenant, condition, provision or agreement within thirty (30) days from receipt of notice in writing by the Bond Trustee.

15.8. Seizure/Compulsory Acquisition of Assets

If any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of the Co-Obligor;

16. Notices

16.1. Any notice or other document may be given to or served on any Bondholder either personally or by sending it by electronic mail or by post in a prepaid envelope or delivering it addressed to him at his registered address or (if he desires that notices shall be sent to some other persons or address) to the person at the address supplied by him to the Issuer for giving of notice to him. In addition to the provisions of this Condition 16.1, notices may also be publicised in any widely read newspaper.

16.2. In the case of joint registered holders of any Bond, a notice given to the Bondholder whose name stands first in the Register shall be sufficient notice to all the joint holders.

16.3. Any notice or other document duly served on or delivered to any Bondholder under these conditions shall (notwithstanding that such Bondholder is then dead or bankrupt or that any other event has occurred and whether or not the Issuer has notice of the death or the bankruptcy or other event) be deemed to have been duly served or delivered in respect of any Bond registered in the name of such Bondholder as sole or joint holder unless before the day of posting (or if it is not sent by post before the day of service or delivery) of the notice or document his name has been removed from the Register as the holder of the Bond and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or claiming through or under him) in the Bond.

16.4. Any notice shall be deemed to have been served on the 5th day following the day which the letter containing the notice is posted and in proving such service it shall be sufficient to prove that the envelope containing the notice or the notice itself was properly addressed, stamped and posted. Any notice given by delivery otherwise than by post shall be deemed given at the time it is delivered to the address specified.

17. Prescription

Claims against the Issuer in respect of the Bonds shall be void unless presented for payment as required by Condition 13 within ten (10) years (in the case of principal) and five (5) years (in the case of interest), from the due date for payment of any amount due on such Bonds.

18. Meetings of Bondholders

The rights and duties of the Bondholders in respect of attendance at meetings of Bondholders are set out in the Second Schedule (Provisions for Meetings of Bondholders). Decisions taken at Bondholders meetings may only be exercised by the Bond Trustee in accordance with the Programme Trust Deed or under these Conditions. For the avoidance of doubt, the Conditions of the Bond can only be amended with the consent of the Parties as that term is defined in the Programme Trust Deed.

19. Governing Law

The Bonds are governed by, and shall be construed in accordance with the laws of the Federal Republic of Nigeria.

This section does not describe all the risks (including those relating to each prospective investor's particular circumstances) with respect to an investment in the Bonds. The risks in this section are provided as general information only. Prospective investors should refer to, and carefully consider the risks described below and the information contained elsewhere in this Prospectus, which may describe additional risks associated with the Bonds.

The Issuer disclaims any responsibility for advising prospective investors of such risks as they exist at the date of this Prospectus or as such risks may change from time to time. Prospective investors should consult their own financial and legal advisers about the risks associated with an investment in the Bonds.

An investment in the Bonds involves certain risks, most of which may or may not occur and neither the Issuer, the Co-Obligor nor any of the Issuing Houses is in a position to express a view on the likelihood of any such contingency occurring. Accordingly, prospective investors should carefully consider, amongst other things, the following risk factors together with all the other information included in this Prospectus and any applicable Supplement before purchasing the Bonds.

1. IN RELATION TO NIGERIA

I. Economic Risks

Lack of economic diversification exposes the country to downside risks in oil price and production

The structure of the Nigerian economy remains largely undiversified; import dependent, consumption driven. The country is dependent on oil for economic activities, fiscal revenues and foreign exchange. Oil accounts for more than 90% of exports and foreign exchange earnings while the manufacturing sector accounts for less than one percent of total exports. Dominance of oil as the major source of export receipts, coupled with import dependence heightens Nigeria's vulnerability to external shocks. The impact of the steady decline in oil prices from mid-2015 was evident in the depreciation of the currency, foreign exchange illiquidity, decline in foreign reserves, and a slowdown in the economy. While the FGN advances in its efforts to diversify the economy from its dependence on oil revenue, global crude oil prices have declined to c.US$42 per barrel as at July 2020 (from around US$60 at the beginning of 2020) with a resultant depression on government reserves. A further decline in global oil prices will continue to put a strain on the Nigerian economy.

Large infrastructure deficit poses a hindrance to the development of the economy

The value of Nigeria's total infrastructure stock (road, rail, power, airports, water, telecoms and seaports) represents only 35% GDP. This is far below the level of peer emerging market countries, where the average is 70%.[2] Nigeria lacks stable power supply and adequate infrastructure such as roads, rail, ports, broadband networks etc., which has led to challenges in the development of many sectors of the economy. The power sector still faces challenges which relate to governance, funding, legal, regulatory and pricing issues across the value chain. Given the huge capital investment required to address this deficit, there have been calls for the private sector to play a key role in providing critical infrastructure, either directly or in collaboration with the FGN. However, challenges with pricing and funding continue to call to question the viability of private sector investment.

Issues with governance and processes continue to weigh on doing business in Nigeria

Bureaucracy, bribery and corruption, are of serious concern and constitute major barriers to doing business in Nigeria and hinder economic growth and social development. Nigeria recently moved 14 places to rank 131 out of 190 countries in the World Bank's 2019 Doing Business index. While this is an improvement, the country still performs poorly in the areas of paying taxes, enforcing contracts and trading across borders. This continues to impact negatively on tax revenue, investor confidence and mobility of goods.

II. Political Risks

Political, economic and social stability in Nigeria have historically been affected by political and religious conflicts, terrorism, and social and religious tensions. However, over the past year, there

[2] The Nigerian Economic Recovery & Growth Plan 2017-2020

has been moderation in the number and frequency of attacks and cases of kidnapping across various parts of Nigeria. The sectarian conflicts in the Middle Belt; insurgence of Boko Haram activity in Northern Nigeria; and the Fulani herdsmen crisis contribute to the regions' security challenges.

If the Federal Government is unable to address conditions such as poverty, low levels of education, religious intolerance, weak enforcement of law and order, these risks may persist.

2. IN RELATION TO THE ISSUER

The Issuer is a special purpose vehicle with no business other than issuing debt securities and where applicable, purchasing corresponding Intercompany Bonds issued by the Co-Obligor. The Issuer has no assets other than where it purchases Intercompany Bonds. The ability of the Issuer to repay the Bonds will be limited to the ability of the Co-Obligor to repay the monies advanced or passed through under the terms of the Trust Deed and/or under the Intercompany Bonds and so, investors are relying solely on the creditworthiness of the Co-Obligor.

3. IN RELATION TO THE CO-OBLIGOR

TSL is exposed to operational and market risks in its ordinary course of business. Whilst TSL believes that it has implemented appropriate policies, systems and processes to control and mitigate these risks, investors should note that any failure to control these risks adequately could have an adverse effect on the financial condition and/or reputation of TSL. The following is a description of the risk factors which are material in respect of the financial situation of TSL as the Co-Obligor under the Programme.

I. Business Risks – These are the risks that TSL faces in its operations and include the following:

Regulatory and compliance requirements governing the sector in which TSL operates necessitate the procurement and maintenance of certain licences, permits and approvals

TSL's operations require it to procure and maintain certain permits, licences and approvals in relation to its business. Some of such licences, permits and approvals are valid for limited periods, and must be periodically renewed. Furthermore, the official permits, licences and approvals contain conditions and requirements that TSL and its relevant employees are required to fulfil. If TSL fails to renew such permits, licences or approvals, or if any of them is suspended or terminated, or if their conditions and requirements are amended, this could result in suspension of some of TSL's operations, causing disruption to services or incurring additional costs. It could also lead to the imposition of penalties by regulatory authorities, such as reprimands, warnings and fines, for non-compliance with the relevant licensing and approval requirements.

Any of the above may have an adverse impact on TSL's business, prospects and financial position.

High exposure to a limited client base could lead to instability in TSL's revenue streams

While TSL is expected to expand its client base and close on its pipeline contracts, its current revenue stream is heavily concentrated on two major clients. A failure to renew these principal contracts could have a detrimental effect on TSL's financial condition.

Volatility in fuel prices and availability could lead to instabilities in the operational costs of TSL

A significant part of TSL's business is centred on haulage/freight services via road transportation. With a fleet of over 760 vehicles and plans to expand, TSL is particularly susceptible to fluctuations in fuel prices, changes to the existing national fuel subsidy regime and threats of fuel scarcity. The occurrence of any of these events could have a corresponding impact on TSL's operational expenses. Any increases in operating expenses would reduce TSL's operating margins and may have a material adverse effect on TSL's business, financial condition and results of operations.

Owing to the capital-intensive nature of the business, inaccuracy in forecasting future capital requirements can affect liquidity and access to capital

TSL's strategy includes future expansion and development plans, based on forecasts, patterns and estimates. There is no guarantee that such forecasts, patterns and estimates are correct or sound. Accordingly, should such forecasts, patterns or estimates prove to be untrue, it may adversely affect TSL's business, financial position, operating results and prospects.

Additionally, TSL's prospects will depend in part on its ability to manage its growth in a profitable manner. The management team will need to expand operations for achieving the necessary growth. Such expansion will involve retaining and supporting existing customers, attracting new ones, recruiting, training and retaining personnel, and maintaining adequate financial controls. If TSL fails to achieve its projected growth, such failure may adversely impact its business and financial position.

The workforce of the Co-Obligor is unionised and may cause disruptions to operations

TSL may face industrial action or disturbances across its workforce. Any such actions, disturbances or opposition could result in a deterioration of TSL's relationship with its employees. In addition, TSL may experience a disruption of operations and increased costs as a result of such actions or disturbances. Therefore, any major deterioration in relationship with employees, trade unions and other employee representative bodies could have a material adverse effect on TSL's business, financial condition and results of operations.

TSL may be susceptible to medical and / or health emergencies, which could lead to a slowdown in economic growth in Nigeria and / or materially adversely affect the company's business

Whilst TSL has a substantive medical policy and health insurance for its employees as well as a business continuity plan policy that caters to risks that threaten business operations, TSL may be susceptible to operational challenges as a result of outbreaks of infectious diseases or pandemics in its chosen markets of operation. In Western Africa, incidences of such diseases have included Ebola haemorrhagic fever, Lassa fever and other health epidemics, most recently, the novel coronavirus (COVID-19) pandemic.

The COVID-19 pandemic is having significant adverse effects on the global scene, and negatively impacting national and regional economies, including that of Nigeria. As a result of the pandemic, the Economist Intelligence Unit ("EIU") has predicted a significant slowdown in global growth to roughly 1% in 2020, down from its outlook of 2.3% before the outbreak. More specifically, in Nigeria, with the rising number of COVID-19 cases, the Federal Government issued a directive restricting movement in Lagos State, Ogun State and the Federal Capital Territory from 30 March 2020 for an initial period of two weeks to identify, trace and isolate all suspected cases in an attempt at curtailing the spread of the virus to other states. The restriction on movement was extended for a further two weeks. Fuelled by concerns over the sustainability of a prolonged lockdown on the economy and the livelihoods of citizens, on 30 April 2020, the federal government unveiled a six-week re-opening plan which commenced on 4 May 2020. According to the Nigeria Centre for Disease Control, Nigeria had recorded 40,532 confirmed cases as at 27 July 2020.

II. Currency Risks – These are risks that arise from the change in price of one currency against another:

The input costs of TSL are subject to fluctuation in the exchange rate of the Naira against the United States Dollar. The Co-Obligor undertakes transactions denominated in foreign currencies such as the importation of spare and replacement parts for its fleet of vehicles. As the bulk of replacement parts are imported, TSL is vulnerable to volatility in the Naira to United States Dollar exchange rate. Unfavourable movement in exchange rates may affect TSL's foreign currency transactions and have a negative impact on TSL's financial condition

III. Credit Risk Management – Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to TSL:

A default by a counterparty poses the risk of TSL incurring higher costs in debt recovery. Where the debts are recovered or obligations enforced late, there are financial losses as a result of the time value of money for the period the debt was unrecovered or delays in production due to delays in performance. In the event that the debt cannot be recovered, financial loss is incurred.

IV. Environmental Risks – These are losses that may arise due to significant natural occurrences in the environment. TSL's operations are exposed to certain environmental challenges which include but are not limited to pollution, environmental degradation, global warming, severe flooding and other natural hazards

Any major natural disaster may significantly affect the day to day operations of TSL and may result in severe damage beyond TSL's control and adversely affect TSL's business.

The nature of environmental risks is that they are often sudden, unpredictable and unforeseen. Although TSL feels that it has sufficient processes and safety measures in place to prevent and effectively respond to accidents that may occur as a result of changes in the environment, there is no guarantee that such processes will prevent all accidents, which may impose a variety of liabilities and adversely affect TSL's business.

TSL's operations may pose certain hazards to the environment, which include but are not limited to release of carbon dioxide into the atmosphere

Stricter enforcement of existing laws and regulations, the introduction of new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require TSL to incur additional costs or become the basis of new or increased liabilities that could reduce earnings and cash available for operations and, as a result, adversely affect financial performance.

4. IN RELATION TO THE BOND ISSUANCE PROGRAMME

I. Limited active trading market for the Bonds

Any Series or Tranche issued under the Programme will be new securities for which there may be no active two-way quote trading market, thus, the liquidity of the Bonds may be limited. Although an application will be made for Bonds issued under the Programme to be admitted to The NSE, FMDQ or any other SEC registered stock exchange (subject to the provisions of the Applicable Pricing Supplement), there is no assurance that an active trading market will develop or any listing or admission to trading of the Bonds will be maintained. Accordingly, there is no assurance of the development or liquidity of any trading market for any particular Tranche or Series.

II. Credit ratings may not reflect the full impact of the Bonds' risks

The Bonds will be assigned a rating by Agusto & Co Limited or any other SEC registered rating agency appointed by the Issuer as specified in the relevant Supplement. The ratings may not reflect all the risks related to structure, market, additional factors discussed above and any other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time

III. Modifications, waivers and substitution

The conditions of the Bonds contain provisions for calling general meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Bondholders who did not attend or vote at the relevant general meeting and Bondholders who voted in a manner contrary to the majority

IV. Early Redemption

The Bonds may be subject to early redemption. Therefore, Bondholders may face the risk that the Bonds will be redeemed before maturity in a falling interest rate environment, forcing the Bondholders to reinvest the proceeds at a lower rate of return.

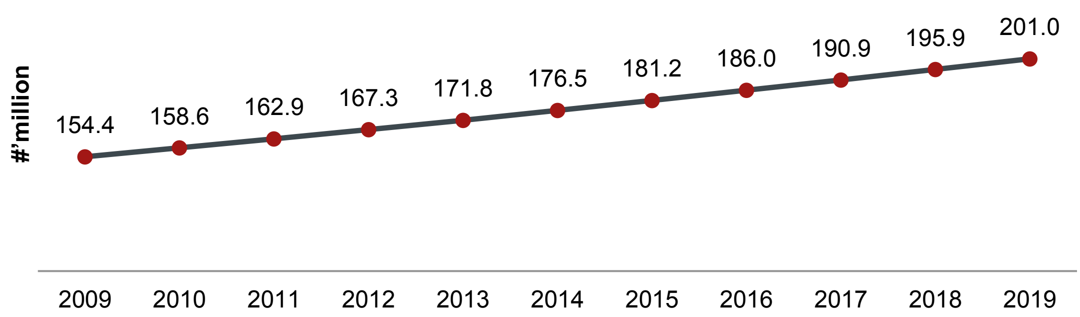
(i) GENERAL OVERVIEW

The Federal Republic of Nigeria is located in West Africa and has a total area of 923,768 km² and is bordered by the Republic of Benin to the west, Niger and Chad to the north, Cameroon to the east and the Gulf of Guinea to the south.

Nigeria consists of 36 states and the Federal Capital Territory, Abuja, which is located in central Nigeria. The states and the Federal Capital Territory are grouped into six geopolitical zones: North West, North Central, North East, South East, South South and South West. There are currently 774 constitutionally recognized local government areas and area councils in Nigeria. Nigeria has experienced considerable economic growth since its return to democratic rule in 1999 and subsequent adoption of market friendly economic policies.

Nigeria is currently the most populous country in Africa, with a population of approximately 201 million in 2019 according to the World Bank (growing from 154 million in 2009 and expected to grow by c.110% to 411 million by 2050). There were c.5.2 million births in 2018 with annual number of births expected to remain stable in the long term, albeit a slight increase to 6.0 million per annum by 2030. An expanding middle class is expected to contribute to an increase in private consumption per capita from US$1,576 in 2017 to US$3,210 by 2027

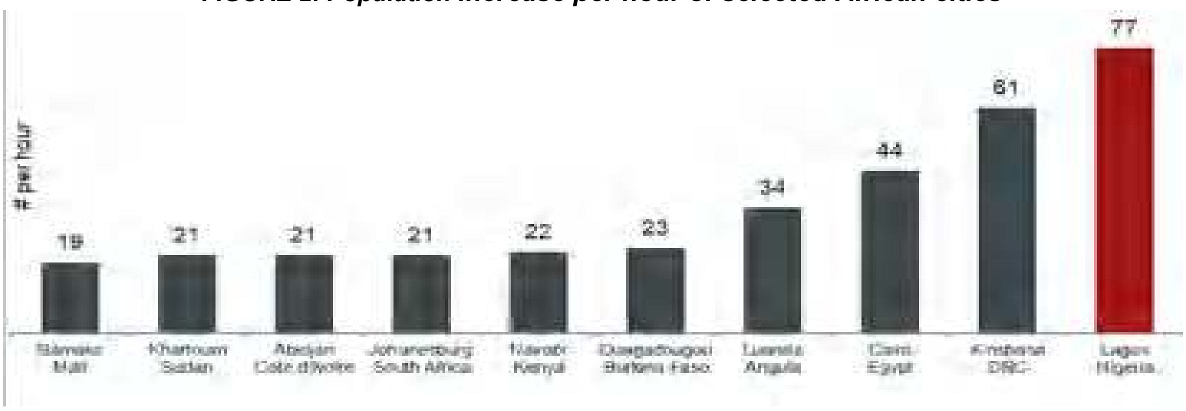
FIGURE 1: Nigeria's Population (2009-2019)



Source: IMF

Nigeria has a relatively young population, with 43% of the population below the age of 15 and a median age of 18 years. Nigeria's population is unevenly distributed across the country with an increased urbanisation rate of 51% in 2019. Nigeria's urban population has increased rapidly over the last 50 years. According to the UN World Urbanisation Prospects Report, Nigeria is expected - together with India and China - to collectively account for 35% of the growth in the world's urban population between 2018 and 2050; with Nigeria projected to add 189 million urban dwellers over the period. The reported pace of urbanization in Nigeria is unprecedented, with cities such as Lagos reporting average annual urban growth rates of c.4%. According to the United Nations Development Programme, Lagos is the fastest growing city in the world, with an increase of 77 people per hour - over 55,000 people monthly - roughly the equivalent of the entire population of Greenland.

FIGURE 2: Population increase per hour of selected African cities



Economic indicators	2013	2014	2015	2016	2017	2018	2019
Population (mn)	171.8	176.5	181.2	186.0	190.0	195.9	201.0
Nominal GDP (US$bn)	515.0	568.5	494.6	404.6	375.7	397.3	404.6
Real GDP growth (%)	5.4%	6.3%	2.7%	-1.6%	0.8%	1.9%	2.3%
GDP per capita (US$)	2,997	3,222	2,726	2,180	1,959	2,033	2,208
Inflation (%)	8.5%	8.1%	9.0%	16%	15.4%	12.1%	12.0
Exchange rate (NGN/US$)	157.3	158.6	192.7	253.0	305.5	306.0	306.0
FX reserves (US$bn)	40.3	32.0	26.7	25.8	38.8	42.8	38.7

Source: Economist Intelligence Unit, National Bureau of Statistics, Central Bank of Nigeria

(ii) ECONOMIC OVERVIEW

The Nigerian economy relies heavily on oil as its main source of foreign exchange earnings and government revenues. Following the 2008/2009 global financial crises, the banking sector was effectively recapitalized and regulation enhanced. Since then, Nigeria's economic growth has been driven by growth in industrials and services.

The Nigerian economy is fairly diversified with services contributing 52.60% to the economy in 2019 (52.63% in 2018). The agricultural sector accounted for 25.16% of GDP in 2019 (25.13% in 2018), while industry contributed 22.25% in 2019 (22.24% in 2018). On a whole, the non-oil sector accounted for 91.2% of GDP in 2019 (91.4% in 2018), while the oil sector contributed 8.78% and 8.59% in 2019 and 2018 respectively. Government revenue is however highly dependent on the oil and gas sector as it contributes over 70% to government revenue, making government spending vulnerable to oil price volatility. Given that government is the largest spender in the economy, the effect of the oil and gas sector on the economy is usually more pronounced than the sector's contribution to GDP. The economy grew by 2.27% in 2019 (1.91% in 2018), reflecting the strong contribution of non-oil sectors particularly services, industries and agriculture. The International Monetary Fund ("IMF") had projected a continuation of the sluggish growth trend in 2020 with an estimated growth rate of 2.5%, however, this outlook was revised in April to take into account the expected effects of the recently declared COVID-19 pandemic with a projection that Nigeria's economy will now contract by 3.4% in 2020. In June 2020, the IMF announced that the Nigerian economy would witness a deeper contraction of 5.4%, although a rebound of 2.6 per cent is expected in 2021. The foreign exchange market will also be key in shaping the economy's outlook, given recent pressure on the naira amid volatility in oil prices and slides in external reserves.

Nigeria has made significant progress in socio-economic reforms over the last decade, but still faces key developmental challenges, particularly in infrastructure. Nigeria needs to focus on meeting its infrastructural needs including power generation, transportation and social infrastructure, to ensure stable, substantial, sustainable and inclusive economic growth.

Restoring strength to Nigeria's agriculture sector is a core component of the government's strategy for the economy. There is critical focus on restoring competitiveness in palm oil, cocoa, rice, cassava, sesame and kola nuts amongst others, which would drive rural incomes, GDP growth and employment. The expectation is an improvement in the balance of payments and reduced reliance on imported food products.

Nigeria lacks stable power supply and adequate infrastructure leading to challenges in the development of many sectors of the economy. It is estimated that the sector requires US$10 billion to restore the generation and distribution infrastructure in the next few years.

Nigeria's National Integrated Infrastructure Master Plan (2014 – 2043) sets out a 30-year, US$3.1 trillion action plan to address the nation's infrastructure challenges including power and transport, amongst others. The aim of the plan is to raise the country's stock on infrastructure from its current level of 20-25% of GDP to 70% by 2043.

In addition, the Economic Recovery and Growth Plan ("**ERGP**") published in March 2017 is a more comprehensive economic plan, which addresses the implementation of medium-term growth plans, as well as short-term initiatives aimed at strengthening the economy, and is intended to promote national prosperity and an efficient, dynamic and self-reliant economy to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity.

The strategic objectives of the ERGP include, to (i) restore economic growth through macroeconomic stability and economic diversification (ii) invest in the Nigerian people by increasing social inclusion, creating jobs and improving the human capital base of the economy (iii) build a globally competitive economy by investing in infrastructure and improving the business environment. The recently released report by the World Bank on the ease of doing business indicated that Nigeria had moved up 15 points from 146 in 2019 to 131 in 2020 and is one of the top ten improved countries worldwide, after carrying out a number of reforms to improve its business environment.

The ERGP defines six priority sectors: agriculture, manufacturing, solid minerals, services, construction and real estate, and oil and gas. Three of these sectors - services, agriculture, and manufacturing - are projected by the ERGP to account for three-quarters of growth from 2017 through 2020. Key policies intended to promote growth of the non-oil sector under the ERGP include industrial and trade policy, a digital-led strategy for growth, which aims to expand the information and communication technology ecosystem in Nigeria, and cross-sector strategies, which aim to support micro, small and medium enterprises. Additional policy objectives under the ERGP include reducing the cost of governance, developing the skills of public servants, and improving public service productivity. With the goal of reducing the cost of governance, the ERGP contemplates streamlining the number of MDAs with an aim to eliminate overlapping mandates and to reduce public expenditures.

With the goal of developing the skills of public services, the ERGP contemplates developing institutional capacity in budgeting, planning, policy analysis, financial management, procurement, human resources management, and leadership. With the goal of improving public service productivity, the ERGP contemplates implementing e-government across Government bodies, starting with a pilot scheme in selected MDAs.

In October 2019, President Muhammadu Buhari presented the Finance Bill alongside the 2020 Appropriation Bill to the National Assembly for consideration and passage into law. The National Assembly subsequently passed the Finance Bill and transmitted same to the President for his assent, in line with the provisions of Section 58 of the Constitution of the Federal Republic of Nigeria, 1999 (as amended). On 13 January 2020, President Muhammadu Buhari signed the Finance Bill, 2019 (now Finance Act) into law. This development was made public by the President via his official twitter handle where he stated that the Finance Act ("The Act") was specially designed to support the implementation of the 2020 National Budget and to create an enabling environment for businesses. The passage of the Finance Act into law, introduces one of the most significant changes in Nigerian tax law over the last two decades, which is the increase in the value added tax rate (VAT) from 5% to 7.5%, in addition to other changes which the Act introduces to other tax laws.

The Finance Act amends some key provisions of the Companies Income Tax Act (CITA), Value Added Tax Act (VATA), Personal Income Tax Act (PITA), Petroleum Profit Tax Act (PPT), Stamp Duties Act and the Customs, Excise Tariff. etc (Consolidation) Act. Some of the prominent amendments effected by the Act include:

- the increase of the VAT rate from 5% to 7.5%;
- the introduction of a N25 million VAT compliance threshold;
- the exemption of companies with less than N25 million annual turnover from payment of CIT;
- expansion of the scope of companies taxable in Nigeria to include companies that operate within the Nigeria digital space, among others;
- requirement of a tax identification number for opening of bank accounts or continued operation of existing bank account;
- provision of exceptions for the application of excess dividend tax under Section 19 of the CIT Act; and
- imposition of excise on certain imported products.

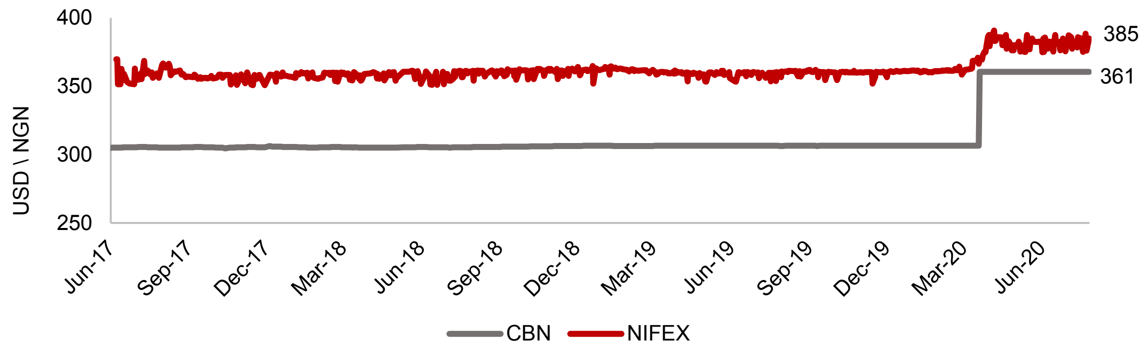
The Act sets five strategic objectives, which include: raising government revenue through various fiscal measures, reforming domestic tax laws to align with global best practice, promoting fiscal equity by mitigating instances of regressive taxation, supporting small business entities in line with Ease of Business Reforms and introducing tax incentives for investments in infrastructure and capital market.

Interest rates, inflation and exchange rates

The Naira to US Dollar exchange rate has historically been sensitive to fluctuations in the price of crude oil. The NGN/USD rate remained relatively stable around ₦155/$1 - ₦160/$1 through 2009 and 2013. The exchange rate has however come under pressure since June 2014 following the decline in the price of oil, Nigeria's key export commodity, leading the CBN to alter its management of the FX market in February 2015 by closing the Retail Dutch Auction System (RDAS) and taking other administrative measures aimed at stabilising the foreign exchange market. As a result, the NGN/US$ remained fairly stable at just below ₦200/US$1 for the most part of 2015. As a result of further pressure on the Naira, the CBN deployed a range of policy interventions with a view to reducing foreign currency demand and avoiding Naira devaluation. Some of these policies include the harmonization of the Cash Reserve Ratio ("CRR") on public and private deposits and restriction on accessing foreign currency from the official market for 41 specific items.

In 2016, the CBN tightened monetary policy as the economy faced the double challenge of contraction and sharply rising prices. The CBN also ended its U.S. dollar link on the Naira, allowing it to float freely on the inter-bank market and thus essentially allowing market forces to determine the exchange rate of the Naira to other currencies. The introduction of the Investors' & Exporters (IE) FX window in April 2017 created easier access to foreign exchange for companies and helped stabilized the Naira against the US$ across all FX windows.

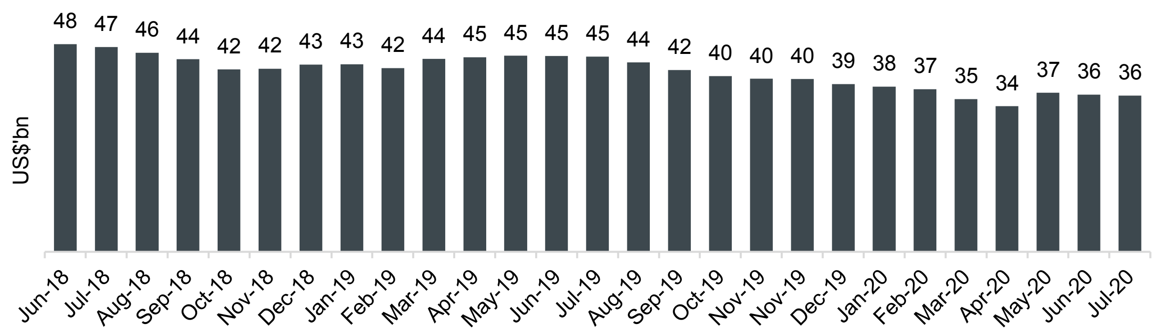
FIGURE 3: USD / NGN Exchange rate



Sources: CBN, FMDQ

The market seems to be slowly losing confidence in the CBN's ability to maintain the FX rate stability following a decline in global oil prices, oil production cuts by OPEC and decline in demand due to the COVID-19 pandemic. This is further exacerbated by foreign reserves falling by c.US$9bn from US$45.0bn in May 2019 to US$36.0bn in July 2020.

FIGURE 4: Foreign Reserves



Sources: Nigeria Bureau of Statistics

Inflationary pressure increased from late 2015 resulting to double digits inflation rate by February 2016 with year-on-year inflation levels for headline inflation, core inflation and food inflation reaching 11.38%, 11.0%, and 11.35% respectively. As at 31 December 2016, year-on change for annual consumer price inflation had accelerated to 18.6% as compared to 9.6% and 8.0% as at 31 December 2015 and 31 December 2014, respectively. As at 31 October 2017, year-on change for annual consumer price inflation was 15.9%. The acceleration was attributed to the significant increase in consumer prices on the back of higher fuel prices due to removal of fuel subsidies and exchange rate pass-through of the Naira devaluation. These factors continued to impact the Consumer Price Index as year-on-year headline inflation peaked at 18.7% in January 2017. However, inflation rose to 12.56% in June 2020, an 11-month consecutive rise since August 2019, amidst the continued impact of border closure and also the recent hike in VAT rate from 5% to 7.5%.

A key priority of the CBN is to maintain price and financial stability and support economic development. The CBN maintained its benchmark monetary policy rate at 12% from October 2011 till November 2014 when it was increased to 13%. This prolonged tightening phase came to an end in November 2015, when the Monetary Policy Committee adopted an aggressive easing stance and cut the benchmark interest rate by 200 bps to 11%, with an asymmetric corridor of -700bps/+200bps. This was in a bid to align monetary policy with the policies of the fiscal authority, which were geared towards stimulating output growth whilst ensuring price stability. In July 2016, in a bid to curb increasing inflation due to high electricity tariffs and price hikes, the CBN increased the MPR rate by 200bps from 12% to 14%. After maintaining a tight effective monetary policy stance for much of 2017, the CBN has eased policy slightly by moderating the rate at which it has been sterilizing NGN liquidity via OMO sales. On 26 March 2019, the MPC resolved to reduce the MPR by 50bps to at 13.5%.

Lending rates also fell by 400 bps between June and October 2019 following the establishment of a floor on banks loan-to-deposit (LDR) ratio in an effort to promote lending to the productive sectors of the economy (source: CBN). LDR ratio floor increased from 60%-65% by CBN with compliance check moved from last of the quarter to a daily basis

Monetary Policy Rate vs. Inflation

FIGURE 5: Inflation rate

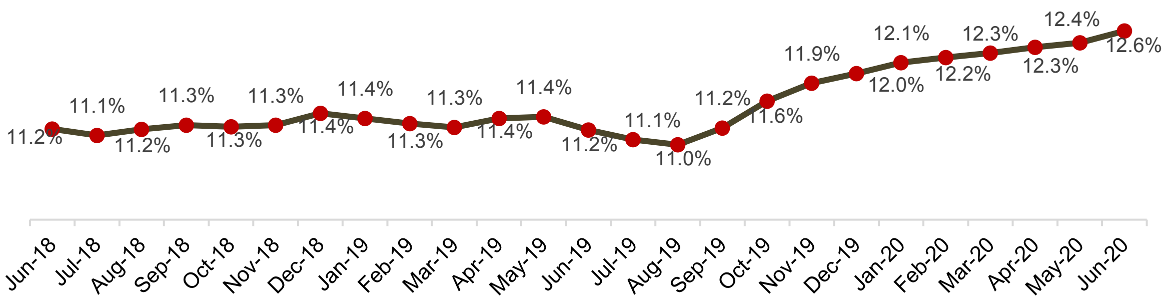
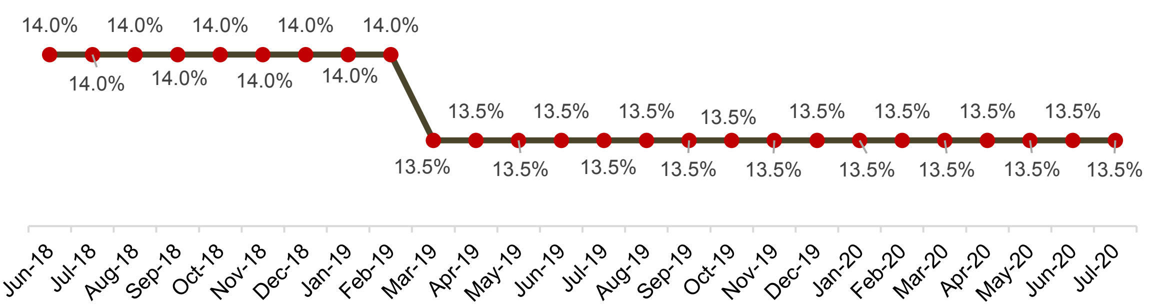


FIGURE 6: Monetary Policy Rate



Sources: Nigerian Bureau of Statistics, CBN

(iii) POLITICAL OVERVIEW

Nigeria returned to democratic governance in 1999 with the election of Chief Olusegun Obasanjo, a member of the People’s Democratic Party (“PDP”), as President and Commander in Chief of the Armed Forces, following many years of military rule. The Obasanjo administration commenced the implementation of policies aimed at diversifying the economy to reduce reliance on the oil and gas sector, improving macroeconomic stability and developing the nation's infrastructure.

In 2007, Nigeria witnessed its first ever transition from one democratically elected government to another with the election of Alhaji Umaru Musa Yar’Adua, also a member of the PDP. Following the death of Alhaji Umaru Yar'Adua almost three years into his first term in 2010, vice president, Dr. Goodluck Jonathan, took office for the remainder of the late president's term before being elected to a full presidential term in 2011.

In 2015, President Muhammadu Buhari, who was the candidate of the All Progressives Congress (“APC”), became the first Nigerian presidential candidate to defeat an incumbent president after defeating Dr. Goodluck Jonathan in what many considered a peaceful election. Policy priorities for the Buhari administration included boosting infrastructure investment and diversifying the economy by targeting investment at specific sectors (notably agriculture and solid minerals). Nigeria held its last elections in February 2019, where President Muhammadu Buhari was re-elected as the President. Given the continuity in governance, there are expectations of minimal disruptions.

There are diverse ethnicities and cultures in Nigeria. Nigeria is a country consisting of 36 states and the Federal Capital Territory, Abuja. The nation is grouped into six diverse geopolitical zones: North West, North Central, North East, South East, South-South and South West.

Nigeria intermittently experiences ethnic and religious unrest mostly in the Northern region of the country. Additionally, there is resentment in the oil-rich Niger Delta and in other parts of the country regarding the allocation of oil revenues which had resulted in local unrest in the past (which has subsided at the moment) and has provoked ongoing political debate for fiscal and political restructuring of the country. Violence and reckless assault caused by Fulani herdsmen in various parts of Nigeria in recent times and the insurgence of Boko Haram activity in Northern Nigeria have also posed a great threat to security in the country.

The threats make for a tense political environment which negatively affects the productivity of individuals and companies. The government has taken steps to mediate these conflicts and to reach an amicable resolve that will drive the growth of the nation.

The logistics services Industry in Nigeria is responsible for the facilitation of the movement of goods, resources and services from the point of origin to the point of use. It involves the management of supply chain, covering customer service, warehousing, transport, purchasing, materials handling, strategic planning and a few other services.

In 2019, the Nigeria logistics industry grew by 32% year on year contributing 19% to Nigeria's total GDP. The services industry growth experienced is attributable to increase in global trade activities and the advancement in technology such as biometrics, automated material handling equipment and Global Positioning System.

The growth experienced in the industry is expected to continue over the next few years, although at a slightly decelerated rate, as transport infrastructure in Nigeria is inadequate and has been described as one of the leading impediments to the country's growth. Corruption also serves as a major bedevilling factor, particularly as it relates to the processing of import / export transactions.

Current investment into Nigeria's infrastructure will have a positive impact on all freight modes in the near future, increasing and facilitating trade. The nation's infrastructure deficit has been recognized, with the African Development Bank planning to galvanise private sector funds and other development partners to handle some verified infrastructure projects, along with the Government taking steps to secure funding for the infrastructure deficit.

Like many other industries, logistics services will become increasingly affected by the forces of digitization. In the near future, telematics, complex algorithms, and analytics will help companies to optimize their freight networks and improve efficiency, which will lead to cost-savings. Alongside digitization, the growth of e-commerce is also expected to make scale a more important feature in the industry, as supply-chain requirements become more extensive, which could prove lucrative for large carriers.

The logistics services industry and the Nigeria economy at large rely heavily on oil and gas activities, particularly in relation to exports, as specialist freight transportation has benefited greatly from the nation's external oil trade. It is also expected that the development of a stronger manufacturing sector will increase trade and freight volume numbers, impacting all freight modes.

The Industry adopts various modes of transportation comprising airways, seaways (also referred to as marine), railways and roadways

AIRWAYS

Nigeria is well served in terms of the number of international airports, and the quality of its airport infrastructure scores highest among all other pillars of the industry, which bode well for businesses reliant on-air passenger and freight services and those wishing to circumvent delays at ports and inland routes. The airways sub-industry is measured using revenues generated by airlines from the transportation of cargo and mail by air, either on dedicated freighter aircraft or as belly cargo on passenger aircraft.

In June 2013, the Nigerian aviation authorities designated 13[3] airports as perishable cargo airports. The airports were chosen due to their proximity to areas where foods are produced in order to facilitate the transport of agricultural products, particularly cold chain items which rely on swift transportation, to domestic and international markets. This has opened up new supply chain options and increased investor opportunities, as specific cold chain trade needs will be met

The huge population of Nigeria will continue to support growth in air freight volumes of consumer goods, underpinned by the rising middle class in Nigeria and ongoing investment from retail companies. Also, Nigeria is developing its air freight sector to match its strong passenger connections, although, safety issues remain a concern and congestion is a problem at freight terminals. Strikes by airport staff and jet fuel shortages also have the potential to cause significant disruption to supply chains.

[3] 13 Airports include Abuja, Akure, Calabar, Ilorin, Jalingo, Jos, Kano, Lagos, Makurdi, Minna, Owerri, Port Harcourt and Uyo airports

SEAWAYS

Congestion continues to be a problem at Nigerian ports, with investment needed, although efforts have been made to address this. Nigerian ports are currently among the most expensive globally in which to do business, a situation that has been put down to the high and arbitrary charges being levied by concessionaires. The port of Lekki, approaching completion, will provide a much-needed boost to the shipping sector

The seaways sub-industry is measured using revenues generated from freight transportation by ship of container and dry bulk cargo, by sea and ocean-going vessels. The Nigerian Government has highlighted its ambitious infrastructure plans aimed at easing trade flows and boosting growth. A number of deep-sea port projects in Nigeria are also currently under construction or in the planning stages, which are expected to bring much needed growth to the sub-industry

The advantages of marine transportation include the ability to transport a very high volume of goods at comparatively low cost, albeit slowly. The bulk of marine freight is non-perishables products such as electricals and clothing, which suits container transport

RAILWAYS

After many years of neglect and decline, there is currently an extensive rehabilitation and recovery of the rail network, which seeks to provide potential for the cost-efficient transport of agricultural, consumer, and manufacturing cargo. Old lines and assets are undergoing modernisation and have been put up for privatisation, and new infrastructure is carried out largely through public-private partnerships. High demand for rail freight to transport heavy loads related to the country's significant construction drive is expected to underpin growth in the sub-industry, as will the government's extremely ambitious rail infrastructure development plan.

The 25-year rail system master plan is now in its second phase of development with focus on developing standard-gauge, modern gauge and high-speed railway systems. The development of new rail corridors linking population centres and economic hubs are a key element of the government's economic transformation plan, which will boost the operational environment. Traffic volumes are set to increase rapidly in the long run with rail looking to secure a position as a key mover of goods and people, as dormant services start up again and new lines are constructed.

Although there is still much room for improvement in terms of quality, the railways are already providing an alternative option for supply chains in Nigeria, and continued investment will improve their efficiency and help to ease the chronic congestion on other transportation channels. The railways sub-industry is measured as revenues generated from freight transportation by rail.

The first completed rehabilitation project, the railway between the capital, Abuja, and the northern city of Kaduna - was completed in 2016. The government is currently constructing 144km of modern tracks connecting Lagos to Nigeria's third-largest city, Ibadan. Major headwinds facing Nigeria's rail development plan include difficulties attracting financing and private sector involvement, and the potential for legal and security risks to delay completion timelines.

ROADWAYS

While advanced countries largely utilize other means of transportation asides roadways, Nigeria focuses primarily on road transport. The country has the largest road network in West Africa and the second largest in Sub-Saharan Africa, behind South Africa. Road freight has always been the most dominant freight mode in Nigeria, due to the nature of the freight mode, accounting for a significant portion of the industry

Growth in the sub-industry is mainly driven by the oil, manufacturing and agricultural segments. As the economy grows, the sector is expected to further develop, on the back of the projected increase in the activities of these strategic segments. Roadways are responsible for the majority of inland freight transport in the country. Recognising this, the government has committed to completing projects that are essential to support economic growth.

The sub-industry is estimated to comprise over 500 operators, which include sole-proprietorships and large corporate organisations such as Nosak Haulage Limited, MDS Logistics and Transport Services Limited. Most mid-sized road haulage operators in Nigeria have a fleet of between 50 to 100 vehicles while large operators typically have a fleet of between 200 to 750 vehicles.

Despite relatively good inland and regional connections, setbacks faced include the lack of adequate highways, poor road quality, traffic congestion, high rate of accidents and security issues, which signals a high risk of supply chain disruption. The rapid growth in urban populations combined with the dearth of adequate mass transit systems means labour and freight mobility is severely inhibited by delays in traffic, raising risk of cargo spoilage and accidents. The Economic Recovery and Growth Plan has however identified c.4,000km of federal highways to be restored.

SUPPLY CHAIN

Nigeria's supply chains are overly reliant on the country's sub-par road network and congested ports, which heighten operational risks due to the high likelihood of disruption caused by congestion, traffic accidents, security issues and energy and fuel shortages.

Businesses have limited alternatives. Prior to the border closure on 20 August 2019, some goods bound for Nigeria were being routed inland through its neighbours, rather than arriving directly on its shores, raising lead times due to frequent congestion.

COMPETITIVE ANALYSIS

The degree of rivalry within the Nigerian logistics services industry can be considered strong. Competition can however differ significantly, depending on the specific sub-industry. The industry is diverse and covers four major sub-industries, making it difficult to generalize competition.

Supplier power in the industry is based on the availability of provisions including fuel, transportation vehicles, infrastructure and containers. A major expense for all players is fuel and/or electrical power. Transport companies may use hedging techniques to minimize costs, but fuel prices themselves are generally difficult for them to control, and since this input is indispensable to market players, supplier power is amplified.

Threat of new entrants varies greatly between sub-industries. Barriers to entry range from low (roadways) to very high (railways). Entry into the rail, air and marine industries is generally difficult, on the other hand the road sector has much lower entry barriers and infiltration of new entrants is much more common. The roadways sub-industry usually experiences the highest level of rivalry, while railways, which are considered 'natural monopolies', suffer less from direct competition. Where direct competition does occur, it tends to be between large players.

The threat of new entrants moving into this industry group varies considerably from one industry to another; overall the threat is moderate due to strong growth prospects. Marine, air and rail transport have much higher barriers, whereas the road segment is more accessible.

The major players are typically large, multinational corporations and any new entrants to the Nigerian transportation market would struggle to compete. Large companies present in the air segment benefit from economies of scale, which will serve to deter many smaller interested parties. The Nigerian air freight sector is consolidated with a number of large international and domestic players.

As a result of the importance of logistics services for users, there are numerous potential clients within the industry group, ranging from individual consumers to businesses of varying size. Their powers differ depending on the given sub-industry. Oil is a significant portion of Nigerian exports suggesting that oil companies are significant purchasers of transportation services

Due to the nature of the marine freight segment, institutional buyers use freight transport for large quantities of raw materials like chemicals, petroleum products, and coal. These companies wield a good deal of economic muscle and bargaining power in price negotiations, since losing one such customer can negatively impact upon a player's revenues. Buyer power within this segment is additionally strengthened by the absence of a unique product and the limited potential for product differentiation.

The road segment is rather fragmented, which combined with a lack of great service differentiation means customers have a high degree of choice. Also, they often have the option of integrating backward by establishing their own road transport fleets, whereas it is unlikely that trucking companies would forward-integrate into their customers' areas of operations. Switching costs are often negligible, unless there is a long-term contract between the player and customer.

Typical customers within the rail freight segment are large companies that need to transport high volumes of bulk or containerized freight and other transportation companies, as marine freight operators can use the services of rail freight companies to extend their intermodal offering. Switching costs may be significant as particular regions or routes may be served by a limited number of rail freight companies, which reduces the ability of buyers to change their service provider. Within the air segment, buyer power is strengthened by company size and low switching costs, eliminating any brand loyalty.

Buyers of transportation services are sensitive to price changes particularly when transporting large volumes of goods. Finding the cheapest and most efficient method of transportation can significantly reduce buyers operating costs boosting profitability – therefore buyers tend to go for the cheapest option. In many cases, companies may distribute products via roadways, as airways are not cost effective.

Airways are relatively costly and is only likely to be chosen if it offers significant advantages over other modes, such as the speed and reliability of delivery. Each industry in the group can act as a substitute for others, although each industry has its own specific advantages and disadvantages for users.

Taking the industry as a whole, important substitutes for transportation services are in-house transportation, oil and gas pipelines, private cars and many more, which incur substantial switching costs, such as the need to buy or lease a fleet of trucks, invest in pipeline infrastructure, or purchase a car.

Digitalization has become the latest driver of competition within the transportation services industry group. The development of autonomous electric vehicles has become revolutionary in most sectors and the companies developing the technology give themselves a significant advantage moving into the future. Digitalization promises to lift operational efficiency and strengthen customer service giving companies who successfully adopt tech a competitive advantage.

OVERVIEW OF TSL SPV PLC

The Information in this section has been extracted from documents and publications available and released by the Issuer. Neither the Issuer nor its advisers are able to ascertain if facts have been omitted that would render the reproduced information inaccurate or misleading.

1. HISTORICAL OVERVIEW

The Issuer was incorporated in Nigeria on 14 February 2020 (with Registration Number 1659158) as a public limited company under the name 'TSL SPV PLC' and with registered address at 16 Billings way, Oregun, Ikeja, Lagos State. The Issuer has no subsidiaries and has been established as a special purpose vehicle for the purpose of issuing debt securities to fund capital expenditure, working capital, and enhance the liquidity of the Co-Obligor.

TSL SPV PLC has an authorised, issued and fully paid share capital of ₦1,000,000.00 divided into 1,000,000 ordinary shares of ₦1 each with 999,000 ordinary shares held by Transport Services Limited and 1000 ordinary share held by Ms Yetunde Niyilola Adewale.

As set out in Clause 3 of its Memorandum and Articles of Association, the principal objectives of the Issuer, amongst other things, is to raise or borrow money through the issuance of debt securities solely in connection with its debt issuance programme; to secure the repayment of all money borrowed; and to invest in such securities of companies as approved by its board of directors.

2. BUSINESS OVERVIEW

The principal activities of the Issuer will be to purchase Bonds where required under the MIBPA and issue Bonds as may be directed in a Series Trust Deed in accordance with the terms of the transaction documents.

Copies of the Memorandum and Articles of Association of the Issuer may be inspected at the specified office of the Issuer.

The Issuer has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a public limited company, the authorisation and issue of the Bonds and of the other documents and matters referred to or contemplated in this document to which it is or will be a party and matters which are incidental or ancillary to the foregoing.

The Issuer's activities are restricted by its Memorandum and Articles of Association and the terms of the Trust Deed, and other related documents.

3. BOARD OF DIRECTORS AND COMPANY SECRETARY

The Directors and Company Secretary of the Issuer and their respective business addresses are shown below:

Name	**Business Address**
Olanrewaju Ayodeji Wright	16 Billings way, Oregun, Ikeja, Lagos
Olawale Adedayo Fatoki	16 Billings way, Oregun, Ikeja, Lagos
Yetunde Niyilola Adewale	16 Billings way, Oregun, Ikeja, Lagos

4. DIRECTORS' INTERESTS

No Director has any interest in the Bonds to be purchased or proposed to be purchased by the Issuer.

5. EMPLOYEES

The Issuer has no employees.

6. INDEBTEDNESS

The Issuer has no indebtedness as at the date of this Shelf Prospectus other than that which the Issuer has incurred or shall incur in relation to the transactions contemplated herein.

7. MATERIAL CONTRACTS

The following agreement has been entered into and is considered material to this Programme

i) A Programme Trust Deed dated 6 October 2020 between TSL SPV PLC, Transport Services Limited and FBNQuest Trustees Limited in respect of the Bond Issuance Programme

8. NO MATERIAL ADVERSE CHANGE

Since the date of the Issuer's incorporation, there has been no material adverse change or any development reasonably likely to involve any material adverse change in the condition (financial or otherwise) of the Issuer.

9. FINANCIAL INFORMATION

Since the date of incorporation, the Issuer has not commenced operations and no financial statements have been compiled or published as at the date of this Shelf Prospectus.

10. LITIGATION

The Issuer is not and has not been since its incorporation engaged in any litigation or arbitration proceedings which may have or have had during such period a significant effect on its respective financial position. And, as far as the Issuer is aware, no such litigation or arbitration proceedings are pending or threatened.

1. HISTORICAL OVERVIEW

Transport Services Limited was incorporated on 18 September 2001 as a private limited liability company. It is an indigenous logistics and transportation service provider active and proficient in secured transportation of goods/products from source to end users.

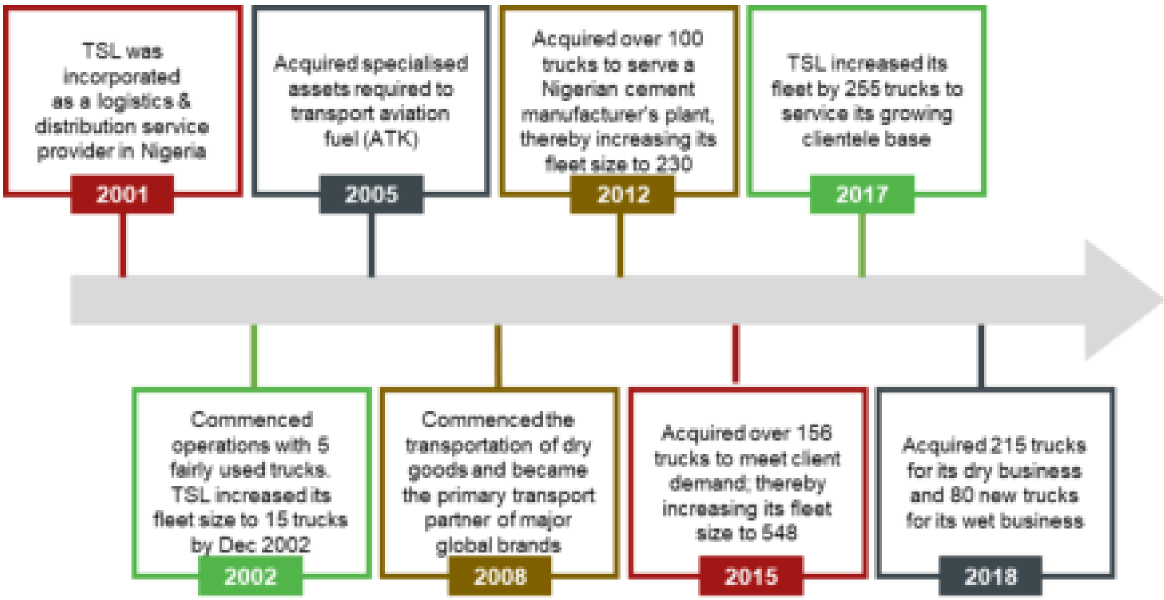
The company commenced operations in 2002 with five fairly used trucks transporting PMS and AGO. By December 2002, the fleet size had grown to 15 trucks. In 2005, the company acquired bespoke assets required to transport aviation fuel (ATK) and in 2008, it commenced transportation of dry goods, including securing primary transport partner status with global brands such as Maersk, Guinness Plc and PZ Cussons Plc.

The year 2012 marked the beginning of significant growth for the company with its acquisition of over 100 assets to cater for Lafarge's plant in Lakatabu, taking its fleet size to 230 vehicles as at H1 2012. In the same year, TSL completed 8,939 trips, carrying goods worth ₦32 billion over a distance of 3.6 million kilometres. In 2015, TSL acquired over 156 assets to meet client demand, taking its fleet size to 548 covering 19.9million kilometres in that year – a more than five-fold increase to three years prior.

By 2016, TSL was transporting PMS, AGO, ATK, CNG, LPG, cement, FMCGs and CPO for nine clients. At Q4 2016, TSL had completed over 21,700 trips. In 2017, despite the economic recession, TSL increased its fleet size by 255 trucks to effectively service its growing clientele across Nigeria, and in 2018, following increased client demand, the company further acquired 25 and 80 new trucks to service its dry and wet businesses, respectively.

Currently, TSL has a staff strength of 1080 people, runs over 760 vehicles in its fleet, covers over 2.5million km monthly within Nigeria and moves goods worth an average of ₦20 billion ($56 million) monthly. The company provides transport solutions to leading companies and multinationals in Nigeria, including PZ Cussons, Nestle Nigeria Plc, Guinness Nigeria Plc, Total Nigeria Plc and OVH Energy Limited. Moreover, TSL has strong strategic partnerships with globally recognised Swedish and German automobile manufacturers, Scania AB Sweden and Daimler AG Stuttgart, and a strong technical support team trained in Sweden, Brazil, Germany, Morocco, Italy, Ghana and South Africa.

Over the years, TSL has embarked on fruitful asset acquisitions in conjunction with various leading financial institutions and, with its visible growth trajectory, increasing reputation in the logistics industry and strong pipeline of contracts, TSL is poised to make its debut into the Nigerian capital markets.



2. BUSINESS OVERVIEW

The company's business philosophy is guided by four core operational goals:

- Innovation – promoting creativity in service offerings and delivery that guarantees value-added services for our customers, sustainable growth and profitability for the company.

- Safety – all business operations and activities at TSL are carefully developed with safety policies and procedures in alignment with global best practice for transportation

- Operational Excellence – the team at TSL is made up of vibrant operations resources with expertise in the supply chain and product distribution from various organizations. With the skillset gathered over the years, the team is better able to guarantee delivery in a timely, accurate and cost-effective manner while keeping customers satisfied

- Growth – TSL's mission is to lead the industry in terms of sales revenues through investment in appropriate infrastructure, optimal fleet size and exploring profitable inorganic growth opportunities that deliver superior return on investment

TSL's principal customer base and the resulting revenue stream can be segmented into oil and gas products, mining and construction products, fast moving consumer goods and agro-allied products. The company also operates time charters, meals and beddings deliveries, mobilisation and shipping services.

In the year ended December 2018, cement transportation under the mining and construction segment accounted for 65.8% of TSL's revenue with oil and gas coming in second at 24.4% of revenue. For the year ended December 2019, these segments accounted for 67.3% and 24.9% of TSL's revenue, respectively.

In addition to freight services, TSL performs related operations, such as loading and offloading of products, fleet management services and transport consultancy services. The average tenor of the company's contracts with its clients is five years with TSL assuming full responsibility for its clients' products during transportation from the pick-up point to the specified destinations. Consequently, TSL maintains a goods-in-transit insurance cover to guard against all risks of loss or damage to products.

While managing its commercial fleet over the years, TSL has been able to garner extensive experience and develop strong competence in functional areas that are key to the success of any leading transport service provider globally. These functional areas and competencies include:

- Safety – Internal HSE practices and policies aimed at preventing harm/damage to the various types of products handled, the environment and assets used

- Maintenance and Repairs – Strong technical competences to ensure the commercial vehicles used are maintained in good and safe conditions and are roadworthy, with the view of maximising return on investment for all parties

- Journey Management – Dedicated resources focused on planning and managing every delivery trip to minimise transportation related risks and hazards

- Driver Administration – Policies, processes, people and tools aimed at recruiting, training and rewarding competent professional drivers and ensuring they are aligned with TSL's value proposition to its clients

Key achievements of the company include the following:

- setting up a state-of-the-art drivers' training school in Calabar in partnership with Federal Road Safety Corps (FRSC) and Lafarge Africa Plc in 2017. The facility is the largest of its kind in Nigeria and is capable of producing up to 800 students per annum in all aspects of safe driving operations and equipment handling

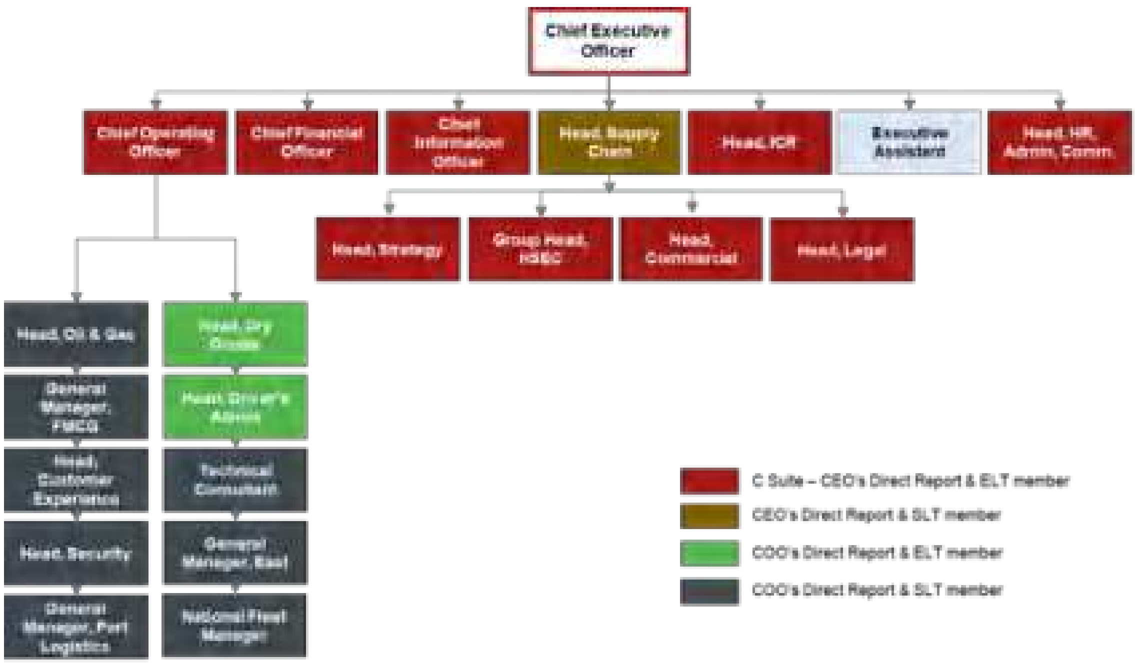
- obtaining a regulatory licence to operate an assembly plant within the Lagos Metropolis that will primarily assemble completely knocked down and semi knocked down components in Nigeria

- growing its logistics base to comprise:
    - loading points at customer locations in 5 southern states in Nigeria (Cross River, Delta, Lagos, Ogun and Rivers)
    - six strategic fuelling stations spread across southern Nigeria (in line with the starting point for all truck outbound movements)
    - two maintenance workshops in Itori (Ogun State) and Calabar (Cross River State), respectively
    - two administrative offices in Lagos and Calabar

- being recognised with the following awards:
    - Winner, OVH Energy Operating Standards Award 2019
    - Logistics Company, The Nigeria Automotive Industry Award 2019
    - Top 100 in the Automotive Industry, The Nigeria Automotive Industry Award 2017
    - 2016 Excellence and Partnership Award, OVH Energy Marketing
    - The Best Safety Compliance Transporter of the Year, Lafarge 2014 Safety Month Award

3. COMPANY STRUCTURE

FIGURE 7: Organisational chart



4. BOARD OF DIRECTORS

The board of directors of TSL comprises two members. The board formulates the broad policies and takes decisions for the management and operations of TSL with a view to attaining the company's objectives. Profile of the board members are below.

Olanrewaju Ayodeji Wright is the Managing Director of TSL. He is a Law graduate of the University of Buckingham, England. He went on to the University of Dundee, Scotland, where he obtained a Master's degree in Petroleum Law and Economics in 1992. Thereafter, he attended the King's College, University of London where he obtained another Master's degree in Commercial and Corporate Law. He attended the Nigerian Law School and was called to the Nigerian Bar in September 1999. He then joined the law firm of Olaniwun Ajayi & Co in October 1999 and left in February 2001 to promote TSL.

Olawale Adedayo Fatoki is a Director of TSL. He is a graduate of Statistics from the University of Ibadan 1992. Upon graduation, he worked with Mobil Producing Nigeria Unlimited (now Exxon Mobil). In 1997 he joined a thriving merchant bank, MBC International Bank where he was mandated to structure and develop the bank's Human Resources department. In August 1999, he joined Andersen Consulting (now Accenture) with the primary responsibility of coordinating and managing the Lagos office Human Resources operations with respect to 13 countries of the region (CEEMEAI – Central & East European countries, Middle East, Africa and India) and global operations. In May 2006, Mr. Fatoki was appointed the Head, Customer Services and Logistics of Oando Plc. during which he acquired vast management experience and understanding of terminal/depot operations and Supply Chain Management. He is an alumnus of the Stanford University, Graduate School of Business Executive Education 2006.

5. MANAGEMENT TEAM

In addition to its board of directors, TSL has an experienced management team that guides its various units of operation.

Dotun Adigun is the Chief Operating Officer of TSL. He graduated from the University of Lagos with a B.Sc. Material Science and Metallurgical Engineering in 1999. He has 10 years' professional transport management experience in TSL leading the transformation, network planning and Commercial Department. He now co-ordinates the day-to-day operations at TSL.

Adeniun Taiwo is the Chief Financial Officer of TSL. She has an HND in Accounting from the Federal Polytechnic Ilaro 1998 and is a Fellow of the Institute of Chartered Accountants of Nigeria. She is a finance professional with 21 years of experience across financial reporting, risk management, internal and external audit, and corporate governance. Her previous employers include KPMG Nigeria and UAC Plc.

Nasir Cham is the Group Head, HSEQ. He holds a BSc (Hons) in Applied Sciences from the University of Wolverhampton, UK, 1993. He commenced work in 1987, became an environmental professional in 1993 and therefore has 27 years professional experience in environment and safety management of road transport. He has worked with TSL for 10 years as Head of HSEQ Department and Fleet Management division of the business. His previous employers are Gambian Government and Shell Oil Products Africa.

Atinuke A-Badiru is the Head, Internal Control and Risk of TSL. She graduated with a B.Sc. Honors degree in Estate Management from the University of Lagos in 2002 and is a Fellow of the Institute of Chartered Accountants of Nigeria. She has five years of professional transport management experience in TSL leading the Finance and Internal Control and Risk Departments. Her previous employers include KPMG and ARM Group (Asset Resource Management Limited).

Kelechi Vera Olawoyin is the Head, Human Resources, Administration & Communications. She has a B.Sc. 1994 and an M.Sc. 1998 in Mass Communication from the University of Nigeria, Nsukka and University of Lagos, Akoka, respectively. She is also a certified Practitioner of DISC and MBTI Psychometrics. Kelechi is a Human Resources/Communications & Non-For-Profit expert with 20 years' experience. Her previous employers include Unilever Nigeria, Novartis Africa and MTN Nigeria.

Temidayo Osunsade is the Head, Commercial & Business Intelligence. He has a B.Sc. in Pharmacy (with distinction) from the Obafemi Awolowo University 2005, a Masters' in Public and International Affairs (MPIA) from the University of Lagos 2012, a proficiency certificate in Management from the Nigerian Institute of Management 2006 and is a Chartered Financial Analyst (CFA). He has over 15 years' experience in business strategy development, operating model design, public financial management and transaction support. His previous employers include KPMG, Nigeria Bottling Company, Federal Medical Center, Abeokuta and Obafemi Awolowo University Hospital Teaching Complex.

Sola Iwasanmi is the Head, Innovation TSL. He holds a BSc in Accounting, from the University of Lagos 2006, as well as a Masters' degree in Business Administration (MBA) from the Business School Lausanne, Switzerland 2009. He is an associate member of the Institute of Chartered Accountant of Nigeria (ACA) and a member of the Risk Management Association of Nigeria (ACRIMA). He has over 9 years' experience with a career spanning Enterprise Risk Management (ERM), Project Management, Business Planning & Strategy, Process Improvement and Internal Control & Compliance. He has four years professional transport management experience in TSL as a risk manager then head of TSL's business transformation unit before becoming head of commercial and then innovation. His previous employer is ARM Group (Asset Resource Management Limited).

Idris Akinsanya is the Head, Dry Goods of TSL. He graduated from University of Agriculture, Abeokuta with a Bachelor of Science, degree in Mathematical Sciences – Statistics Option -2002. He is an alumnus of Cranfield University United Kingdom 2008 and Lagos Business School, Pan-Atlantic University 2014. He has 14 years' experience in Transport & Logistics Operations with TSL.

Yetunde Adewale is the Head, Legal of TSL. She holds an LLB from Ambrose Alli University 2003, B.L from the Nigerian Law School 2004, Post Graduate Diploma in Law, University of London, UK 2015 and LLM University of London, UK 2016. She became a Notary Public of the Federal Republic of Nigeria 2012. Her core area of practice has been in General Civil Litigation and Corporate Commercial Law with experience across insolvency practice, business recovery and company secretarial practice.

Gabriel Dompey is the Head, Drivers' Administration of TSL. He has 22 years' experience in drivers' education and has trained over 400 drivers across West Africa. He has 9 years' professional transport management experience in TSL leading the Drivers' Administration Department. His previous employers include Shell Ghana, Ghacem, Total Petroleum Ghana and British American Tobacco.

Kolawole Mobolaji is the Chief Information Officer of TSL. He graduated from the University of Wales, UK in 2014 with a B.Sc. in Business Computing and is a certified business continuity management auditor and business analysis professional. Kolawole is a system strategies/project manager with over 20 years of experience in all facets of technology development/support, business domain architecture, system design and process engineering.

Unless otherwise stated in the applicable Supplement, the net proceeds from the issuance of the Bonds will be used for purchasing debt instruments issued by the Co-Obligor and such specific purposes as may be determined from time to time.

The applicable Supplement for each Tranche or Series under the Programme will specify details of the use of proceeds of the particular Tranche or Series.

Agusto&Co.

Transport Services Limited

Rating Assigned:

Bbb

This refers to a company with satisfactory financial condition and adequate capacity to meet obligations as and when they fall due.

Outlook: Stable
Issue Date: 04 August 2020
Expiry Date: 30 June 2021
Previous Rating: Bbb

Industry: Transportation (Logistics)

Analysts:
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Lagos
Nigeria
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RATING RATIONALE

- Agusto & Co. affirms the **"Bbb"** rating assigned to Transport Services Limited ("TSL" or the "Company"). The rating reflects the Company's good profitability, adequate working capital, satisfactory cash flow, a growing customer base of large corporates and corresponding order book size, a good market reputation, a large fleet of trucks, and an experienced management team. Offsetting these positive rating factors is rising leverage, significant concentration in ownership structure, a corporate governance structure that requires improvement, and the negative impact of coronavirus pandemic (Covid-19) on the Company's business operations as well as the Nigerian economy in the short term.
- Transport Services Limited is one of the leading indigenous logistics and transport service providers in Nigeria, offering supply chain support to large corporates operating in key sectors of the economy, with a fleet size of 840 trucks. We note that the Company has continued to enjoy patronage from its growing customer base, supported by its strong safety ethos, increasing use of technology in monitoring logistics activities and improving operational efficiencies.
- Profitability is good, upheld by an upsurge in the number of trips and additional contracts secured in 2019. Operating profit margin improved to 15.5% (2018: 7.5%), owing to a decline in operating expenses. During the year under review, pre-tax return on average assets (ROA) though rose to 8% (2018: 4.7%) following the decrease in average assets; it remained below our expectation. On the other hand, TSL's pre-tax return on average equity (ROE) stood at 49.3% (2018: 58.2%), well above our expectation and the average yield on a 364-day treasury certificate of 13.9%. We expect profitability to moderate due to the impact of the pandemic on businesses and consumption nonetheless, new contracts secured in May 2020 will keep it at acceptable levels.
- In the FYE 2019, TSL reported a negative operating cash flow (OCF) of ₦6.7 billion, owing to the significant increase in foreign exchange purchased for imports and a significant decline in trade creditors and advance payment from customers. However, over the last three years (2017-2019), the Company's cumulative OCF amounted to ₦6.8 billion, which was more than sufficient to cover cumulative returns to providers of finance of ₦2.1 billion and amortised loan principal of ₦3.1 billion. During the same three-year period, OCF to sales ratio stood at 43%, well above our expectation. Agusto & Co. is of the view that TSL's operating cash flow is hinged on its ability to secure advances from its customers which is in line with industry practice. Subsequent to year end, the Company's operating cash flow stood at ₦0.89 billion.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of Instruments issued under this Programme. In particular, it does not constitute a representation by the Issuer or its advisers the tax consequences attaching to a subscription or purchase of Instruments issued under the Programme or applicable to all categories of investors.

In 2010, Nigeria's taxation landscape underwent a major change as the Federal Government of Nigeria ("FGN") announced that it would exempt certain taxes on all categories of bonds (including corporate bonds) and short-term government securities such as treasury bills.

In accordance with the provisions of the Personal Income Tax Amendment Act 2011, income and interest earned by an individual from corporate bonds are exempted from personal income tax, and the exemption granted under this Act is indefinite. By virtue of the Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order 2011 and Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011, deduction of CIT and VAT from corporate bonds were exempted. These orders both became effective on 2nd January 2012 and are valid for a period of ten (10) years.

In view of the above tax regulations, the Bonds issued under the Programme will be exempt from PIT in perpetuity. However, they will only be exempt from CIT, and VAT until 1st January 2022. From this period, corporate bondholders holding the Bonds will be subject to CIT on all principal and coupon received under the Bonds. They will also be subject to VAT deductions from the said date.

Furthermore, the Value Added Tax (Exemption of Commissions on Stock Exchange Transactions) Order, 2014 exempted the imposition of VAT on (a) commissions earned on traded value of the shares, and (b) commissions payable to the SEC, The NSE and the Depository for a period of five (5) years from the commencement date of the order - 25th July 2014. In light of the fact that this Order expired in 2019 and was not extended, Bondholders will be required to pay VAT on commissions payable to the SEC, NSE and Depository, in respect of the Bonds.

Deloitte.

8 April 2020

The Managing Director
Transport Services Limited SPV Plc.
16, Billings Way, Oregun
Ikeja, Lagos

The Managing Director
Transport Services Limited
16, Billings Way, Oregun
Ikeja, Lagos

Dear Sir / Madam

Reporting Accountants' Report on the audited financial statements of Transport Services Limited for the five years ended 31 December 2019 in respect of the proposed Series 1 Bond Issuance of up to NGN12bn (Twelve Billion Naira) under the proposed NGN50bn (Fifty Billion Naira) Bond Issuance Programme

The financial statements for the years ended 31 December 2015, 2016, 2017, 2018 and 2019 were audited by Ernst & Young (EY). The financial statements comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity, and a summary of significant accounting policies, and other explanatory notes. EY, in the 2016 audited financial statements, restated the 2015 audited financial statements and presented a restated 2015 Statement of Financial Position.

We have, however, reviewed the audited financial statements for the years ended 31 December 2015, 2016, 2017, 2018 and 2019 in respect of which, the auditors issued clean audit opinions, and have considered the applicable International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB).

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, and for such internal control as management determines is necessary to enable preparation of financial statements that are free from misstatements, whether due to fraud and error.

Our examination of the audited financial statements was conducted in accordance with the "International Standard on Review Engagements (ISRE) 2400 (Revised) – Engagements to Review Historical Financial Statements". This Standard requires that we plan and perform our examination to obtain moderate assurance that the audited financial statements are free from material misstatements. Such moderate assurance provides less assurance than an audit and does not require us to issue an audit opinion. Our examination was based on our review of the auditors' work papers, the evidence obtained, and the analytical procedures applied by the auditors in respect of financial data.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Transport Services Limited as at 31 December 2015, 2016, 2017, 2018 and 2019, and its financial performance and cash flows for the years then ended, in accordance with the International Financial Reporting Standards.

Please note that the Directors of Transport Services Limited are responsible for the contents of the prospectus in which this report is included.

Yours faithfully
For: Deloitte & Touche

Temitope Odukoya
Partner
FRC/2012/ICAN/00000000422

TRANSPORT SERVICES LIMITED

Reporting Accountants' Report for the five-year period ended 31 December 2019

Statement of profit and loss Comprehensive Income for the year ended 31 December

	Notes	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Revenue from contracts with customers	7	9,913,748	8,503,174	6,814,661	6,962,489	6,917,157
Operating costs	8	(8,342,241)	(7,852,870)	(5,605,076)	(5,262,495)	(5,257,733)
Operating profit		**1,571,507**	**650,304**	**1,209,585**	**1,699,994**	**1,659,424**
Other operating income	9	653,373	628,967	492,470	41,081	52,346
Finance income	10.1	46,484	285,087	225,302	568	6,496
Finance costs	10.2	(1,300,261)	(397,154)	(384,485)	(594,221)	(714,199)
Foreign exchange loss		(37,925)	(14,467)	(671,822)	(938,944)	(10,610)
Profit before taxation		**933,178**	**1,152,737**	**871,050**	**208,478**	**993,457**
Income tax expenses	11	(645,235)	(1,017,209)	(494,774)	(91,593)	(393,163)
Profit after taxation		**287,943**	**135,528**	**376,276**	**116,885**	**600,294**
Other comprehensive income for the year, net of tax		-	-	-	-	-
Total comprehensive income for the year, net of tax		**287,943**	**135,528**	**376,276**	**116,885**	**600,294**
Earnings per share:						
Basic / diluted earnings per share (Naira)	12	14	7	19	6	30

The notes are an integral part of these audited financial statements.

TRANSPORT SERVICES LIMITED

Reporting Accountants' Report for the five-year period ended 31 December 2019

Statement of Financial Position as at 31 December

	Notes	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
ASSETS:						**Restated**
Non-current Assets						
Property, plant and equipment	13	11,778,509	13,692,792	7,467,885	5,758,216	6,680,824
Intangible assets	14	3,003	-	-	2,755	6,509
Right-of-use assets	24	127,982	-	-	-	-
Deferred tax asset	15.1	-	10,767	391,072	599,191	467,464
Investment in subsidiaries	16	1,000	1,000	1,000	12,150	12,150
Investment in associate	17	-	-	-	2,600	2,600
Total non-current assets		**11,910,494**	**13,704,559**	**7,859,957**	**6,374,912**	**7,169,547**
Current assets						
Inventories	18	338,063	224,050	534,438	65,392	47,407
Trade and other receivables	19	2,966,121	10,962,959	14,598,119	2,691,769	2,454,924
Contract assets	7.2	798,115	572,142	-	-	-
Prepayments	17.1	33,018	123,869	44,574	22,554	16,479
Cash and short-term deposits	20	5,823,184	6,165,633	9,586,494	414,847	247,669
Total current assets		**9,958,501**	**18,048,653**	**24,763,625**	**3,194,562**	**2,766,479**
TOTAL ASSETS		**21,868,995**	**31,753,212**	**32,623,582**	**9,569,474**	**9,936,026**
EQUITY AND LIABILITIES						
EQUITY						
Issued share capital	21	20,000	20,000	20,000	20,000	20,000
Share premium		1,326	1,326	1,326	1,326	1,326
Retained earnings		1,979,129	1,761,186	2,159,414	1,783,138	1,666,253
Total equity		**2,000,455**	**1,782,512**	**2,180,740**	**1,804,464**	**1,687,579**
Non-current liabilities						
Interest bearing loans and borrowings	22.2	7,887,908	4,579,854	150,308	575,828	1,546,848
Deferred taxation	15.1	123,879	-	-	-	-
Trade and other payables	23	18,551	18,551	96,096	1,202,300	1,357,576
Government grants	25	109,902	-	-	-	-
Total non-current liabilities		**8,140,240**	**4,598,405**	**246,404**	**1,778,128**	**2,904,424**
Current liabilities						
Trade and other payables	23	4,178,665	7,551,156	28,383,843	4,154,705	3,253,336
Government grants	25	64,650	-	-	-	-
Contract liabilities	7.2	3,189,773	15,922,941	-	-	-
Interest bearing loans and borrowings	22.1	2,968,496	1,061,070	920,318	946,470	1,389,314
Income tax payable	15	1,326,716	837,128	892,277	885,707	701,373
Total current liabilities		**11,728,300**	**25,372,295**	**30,196,438**	**5,986,882**	**5,344,023**
Total liabilities		**19,868,540**	**29,970,700**	**30,442,842**	**7,765,010**	**8,248,447**
TOTAL EQUITY AND LIABILITIES		**21,868,995**	**31,753,212**	**32,623,582**	**9,569,474**	**9,936,026**

TRANSPORT SERVICES LIMITED

Reporting Accountants' Report for the five-year period ended 31 December 2019

Statement of Changes in Equity for the period ended 31 December

	Attributable to owners of the Company			
	Issued share capital	Share premium	Retained earnings	Total
	₦'000	₦'000	₦'000	₦'000
At 1 January 2019	**20,000**	**1,326**	**1,761,186**	**1,782,512**
Profit for the year	-	-	287,943	287,943
Dividend proposed	-	-	(70,000)	(70,000)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	217,943	217,943
At 31 December 2019	**20,000**	**1,326**	**1,979,129**	**2,000,455**
At 1 January 2018	**20,000**	**1,326**	**2,159,415**	**2,180,741**
Effects of adopting new standards (Note 2.2.2)	-	-	(533,757)	(533,757)
As at 1 January 2018 (restated)	**20,000**	**1,326**	**1,625,658**	**1,646,984**
Profit for the year	-	-	135,528	135,528
Other comprehensive income for the year: net of tax	-	-	-	-
Total comprehensive income for the year: net of tax	**-**	**-**	**135,528**	**135,528**
At 31 December 2018	**20,000**	**1,326**	**1,761,186**	**1,782,512**
At 1 January 2017	**20,000**	**1,326**	**1,783,138**	**1,804,464**
Profit for the year	-	-	376,276	376,277
Other comprehensive income for the year: net of tax	-	-	-	-
Total comprehensive income for the year: net of tax	**-**	**-**	**376,276**	**376,277**
At 31 December 2017	**20,000**	**1,326**	**2,159,414**	**2,180,740**
At 1 January 2016	**20,000**	**1,326**	**1,666,253**	**1,687,579**
Profit for the year; net of tax	-	-	116,885	116,885
Other comprehensive income: net of tax	-	-	-	-
Total comprehensive income for the year: net of tax	-	-	116,885	116,885
At 31 December 2016	**20,000**	**1,326**	**1,783,138**	**1,804,464**
At 1 January 2015	**20,000**	**1,326**	**1,065,959**	**1,087,285**
Profit for the year	-	-	600,294	600,294
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	600,294	600,294
At 31 December 2015	**20,000**	**1,326**	**1,666,253**	**1,687,579**

TRANSPORT SERVICES LIMITED

Reporting Accountants' Report for the five-year period ended 31 December 2019

Statement of Cash Flows for the period ended 31 December

	Notes	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Operating activities						
Cash flows from operating activities	27	(3,809,649)	18,031	12,998,672	2,320,403	2,137,207
Income tax paid	15	(21,001)	(35,000)	(280,084)	(38,986)	(6,999)
Net cash flows from operating activities		**(3,830,650)**	**(16,969)**	**12,718,588**	**2,281,417**	**2,130,208**
Investing activities						
Purchase of property, plant and equipment	13	(602,371)	(8,102,869)	(2,971,256)	(107,821)	(1,633,194)
Purchase of intangible assets	14	(3,700)	-	-	-	-
Proceed from disposal of property, plant and equipment		116,348	240,745	24,021	1,100	1,101
Interest received	10.1	46,484	285,087	225,302	568	6,496
Receipt of Government grant	25	202,757	-	-	-	-
Disposal of subsidiary		-	-	11,150	-	-
Net cash flows used in investing activities		**(240,482)**	**(7,577,037)**	**(2,710,783)**	**(106,153)**	**(1,625,597)**
Financing activities						
Proceeds / (repayments) from / of loans and borrowings		3,369,912	4,926,960	(733,999)	(1,344,484)	(387,974)
Interest paid	10.2	(1,276,223)	(397,154)	(384,485)	(594,221)	(714,199)
Net cash flows from / (used in) financing activities		**2,093,689**	**4,529,806**	**(1,118,484)**	**(1,938,705)**	**(1,102,173)**
Net (decrease) / increase in cash and cash equivalents		(1,977,443)	(3,064,200)	8,889,321	236,559	(597,562)
Cash and cash equivalent at 1 January		6,069,168	9,133,368	244,047	7,488	605,050
Cash and cash equivalents at 31 December	20.1	**4,091,725**	**6,069,168**	**9,133,368**	**244,047**	**7,488**

Notes to the Financial Statements

1 Description of the Business

Transport Services Limited was incorporated as a private limited liability company in Nigeria on 18 September 2001 under the Companies and Allied Matter Act, 1990.
The Company is situated at 16, Billings Way, Oregun, Ikeja, Lagos, Nigeria. The Company is primarily involved in the delivery of petroleum and other products to companies in the Oil and Gas, Mining and Construction, Agro-Allied and Fast Moving Consumable Goods (FMCG) Sectors.

2.1 Basis of preparation

2.1.1 Statement of compliance

The financial statements of Transport Services Limited have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Boards (IASB), the Financial Reporting Council of Nigeria Act No. 6, 2011 and the provisions of Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

2.1.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for interest bearing loans and borrowings, which are measured at amortised cost.

2.1.3 Functional and presentation currency

The financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand (₦'000) unless stated otherwise.

2.2 Changes in accounting policies and disclosures

2.2.1 New and amended standards and interpretations

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

IFRS 16 Leases

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

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor. The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease as at 1 January 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.
The effect of adoption of IFRS 16 as at 1 January 2019 (increase/(decrease)) is, as follows:

Assets	**₦'000**
Right-of-use assets (note 24)	185,606
Prepayments	(58,725)
Total assets	126,881
Liabilities	
Interest-bearing loans and borrowings - Lease liability (Note 24)	126,881
Total liabilities	126,881
Total adjustment on equity:	
Retained earnings	-
	-

The Company has lease contracts for various items of properties (land and building). Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as operating leases. Refer to Note 5.15 Leases for the accounting policy prior to 1 January 2019.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases except for short-term leases. Refer to Note 5.15 Leases for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

***** Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.
The Company also applied the available practical expedients wherein it:
* Used a single discount rate to a portfolio of leases with reasonable similar characteristics
* Relied on its assessment of whether leases are onerous immediately before the date of initial application
* Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
* Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
* Used hindsight in determining the lease term where the contract contained options to extend or terminate

Based on the above, as at 1 January 2019:

* Right-of-use assets of ₦185,605,673 were recognised and presented separately in the statement of financial position
* Lease liabilities of ₦126,880,673 (included in Interest bearing loans and borrowings) were recognised
* Prepayments of ₦58,725,000 related to previous operating leases were derecognized

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

Assets	**₦'000**
Operating lease commitments as at 31 December 2018	81,055
Weighted average incremental borrowing rate as at 1 January 2019	19.47%
Discounted operating lease commitments as at 1 January 2019	70,890
Less:	
Commitments relating to short-term leases	(9,146)
Add:	
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	65,137
Lease liabilities as at 1 January 2019	126,881

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 January 2018.

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 18 and related interpretations.

The effect of adopting IFRS 15 as at 1 January 2018 was, as follows:

Company	**Note**	**Increase / (decrease)**
Assets		**₦'000**
Trade and other receivables	2.2.1.1	(426,876)
Contract assets	2.2.1.1	426,876
Total assets		-
Liabilities		
Trade and other payables	2.2.1.2	22,870,171
Contract liabilities	2.2.1.2	(22,870,171)
Total liabilities		-
Total adjustment on equity:		
Retained earnings	2.2.1.1 & 2.2.1.2	-

Set out below, are the amounts by which each financial statement line items is affected as at and for the year ended 31 December 2018 as a result of the adoption of IFRS 15 by the Company. The adoption of IFRS 15 did not have a material impact on Other Comprehensive Income (OCI) or the Company's operating, investing and financing cash flows. The first column shows amounts prepared under IFRS 15 and the second column shows what the amount would have been had IFRS 15 not been adopted;

Company's statement of financial position as at 31 December 2018

		Amount prepared under		
	Reference	IFRS 15	Previous IFRS	Increase/ (decrease)
		₦'000	₦'000	₦'000
Trade and other receivables		-	572,142	(572,142)
Contract assets	2.2.1.1	572,142	-	572,142
Total current assets		**572,142**	**572,142**	-
Trade and other payables		-	15,922,941	(15,922,941)
Contract liabilities	2.2.1.2	15,922,941	-	15,922,941
Total current liabilities		**15,922,941**	**15,922,941**	**-**

2.2.1.1 Contract assets - Accrued revenue

Before the adoption of IFRS 15, the Company recognised accrued revenue for amount of work done at the reporting date for which invoices are yet to be submitted to the customers. Under IFRS 15, any earned consideration that is conditional should be recognised as a contract asset rather than receivables. Therefore, upon adoption of IFRS 15, the Company reclassified ₦426,876 from trade receivables to contract assets as at 1 January 2018.

As at 31 December 2018, IFRS 15 increased Contract assets by ₦572,142; decreased Trade receivables by ₦572,142.

2.2.1.2 Contract liabilities - Short term advances from customers

Before the adoption of IFRS 15, the Company presented these advances as Trade and other payables in the statement of financial position. Therefore, upon adoption of IFRS 15, the Company reclassified ₦22,870,171 from Trade and other payables to Contract liabilities as at 1 January 2018.

As at 31 December 2018, IFRS 15 increased Contract liabilities by ₦15,922,941; decreased Trade and payables by ₦15,922,941.

s2.2.2 IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Company have not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings.

The effect of adopting IFRS 9 by the Company as at 1 January 2018 was, as follows:

	References	Adjustments 1 January 2018
Assets:		**₦'000**
Trade and other receivables	2.2.2.1, 2.2.2.2	(600,136)
Short-term deposits	2.2.2.1, 2.2.2.2	(162,374)
Total assets		**(762,510)**
Liabilities:		
Deferred tax liabilities	2.2.2.3	228,753
Total liabilities		228,753
Total adjustment on equity:		
Retained earnings	2.2.2.1; 2.2.2.2; 2.2.2.3	**(533,757)**

2.2.2.1 Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria - the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Company. The following are the changes in the classification of the Company's financial assets:

Trade receivables and other non-current financial assets (i.e. staff loans, sundry debtors, due from related parties and short-term deposits) classified as Loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

The Company has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement of the Company's financial liabilities.

In summary, upon the adoption of IFRS 9, the Company had the following required or elected reclassifications as at 1 January 2018.

	IFRS 9 measurement category Amortised cost	
	₦'000	**₦'000**
IAS 39 measurement category		
Loans and receivables		
Trade and other receivables	14,599,886	13,999,750
Short-term deposits	5,300,000	5,137,626
	19,899,886	**19,137,376**

*The change in the carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

2.2.2.2 Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of IFRS 9, the Company recognised additional impairment on its trade and other receivables and short-term deposits of ₦762.510 million which resulted in a decrease in retained earnings of ₦762.510 million as at 1 January 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Allowance for impairment under IAS 39 as at 31 December 2017	Remeasurement	ECL under IFRS 9 as at 1 January 2018
	₦'000	₦'000	₦'000
Loans and receivables under IAS 39 / Financial assets at amortised cost under IFRS 9			
Trade and other receivables	8,600	(600,136)	(591,536)
Short-term deposits	-	(162,374)	(162,374)
	8,600	**(762,510)**	**(753,910)**

2.2.2.3 Other adjustments

In addition to the adjustments described above, other items such as deferred taxes were adjusted to retained earnings as necessary upon adoption of IFRS 9 as at 1 January 2018.

3 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accounting 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 Company's accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal options

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

Revenue from contracts with customers

The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:
Determining the timing of satisfaction for the transportation of goods and services to customers

Revenue for the delivery of oil and gas products, mining and construction products, agro-allied products and fast-moving consumable goods are to be recognised overtime, taking into consideration the number of days completed for each trip at year-end, or the distance travelled as of year-end in comparison to the total trip distance of each respective trip in progress. The fact that another entity would not need to re-perform the delivery that the Company has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Company's performance as it performs.

The entire trip and related revenue is typically accounted for as only one performance obligation under the new revenue recognition model.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future development, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses of trade receivables and contract assets

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groups of various customer segments that have similar loss patterns (i.e. by customer type).

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 6.7.3.

Measurement of the expected credit loss allowance for financial assets other than trade receivables and contract assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost (due from related parties, short term deposits, sundry debtors and staff loans) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further discussed, which also sets out key sensitivities of the ECL to changes in these elements.

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 group of similar financial assets for the purposes of measuring ECL.

Taxes

Uncertainties exist with respect to the amount and timing of future taxable income. Given the complexity of existing contractual agreement, differences arising between the actual results and the assumptions made could necessitate future adjustment to tax income and expenses already recorded. The Company established provisions based on reasonable estimates.

Deferred taxes are recognised for all 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 judgment 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.

Further details of taxes are disclosed in Note 11 and 15.

Estimated useful lives and residual values of property, plant and equipment

The Company's Management determines the estimated useful lives and related depreciation charge for its property, plant and equipment on an annual basis. Estimates and judgements in this regard are based on historical experience and expectations of the manner in which assets are to be used, together with expected proceeds likely to be realised when assets are to be used, together with expected proceeds likely to be realised when assets are disposed-off at the end of their useful lives. Such expectations could change over time and therefore impact both depreciation charges and carrying value of assets in the future. Further details of property, plant and equipment are disclosed in Note 13.

Provision for loss on inventories

Reviews are made periodically by Management on damaged, obsolete and slow-moving inventories. These reviews require judgment and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company '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 Company's functional currency).

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's credit rating).

4 New standards, amendments and interpretations not yet adopted

These standards and interpretations that are issued, but not yet effective, as at 31 December 2019, are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Company has not early adopted any standard. The Company's assessment of the impact of these new standards and interpretations are set out below:

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

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 Financial Instruments: Disclosures, which concludes phase one of its work to respond to the effects of Intergroup Offered Rates (IBOR) reform on financial reporting.
The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

The amendments of IFRS 9

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

Application of the reliefs is mandatory. The first three reliefs provide for:

* The assessment of whether a forecast transaction (or component thereof) is highly probable
* Assessing when to reclassify the amount in the cash flow hedge reserve to profit and loss
* The assessment of the economic relationship between the hedged item and the hedging instrument

For each of these reliefs, it is assumed that the benchmark on which the hedged cash flows are based (whether or not contractually specified) and/or, for relief three, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform.

A fourth relief provides that, for a benchmark component of interest rate risk that is affected by the IBR reform, the requirement that the risk component is separately identifiable need be met only at the inception of the hedging relationship. Where hedging instruments and hedged items may be added to or removed from an open portfolio in a continuous hedging strategy, the separately identifiable requirement need only be met when hedged items are initially designated within the hedging relationship.
To the extent that a hedging instrument is altered so that its cash flows are based on an RFR, but the hedged item is still based on IBOR (or vice versa), there is no relief from measuring and recording any ineffectiveness that arises due to differences in their changes in fair value. The reliefs continue indefinitely in the absence of any of the events described in the amendments. When an entity designates a group of items as the hedged item, the requirements for when the reliefs case are applied separately to each individual item within the designated group of items.

The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied. The Company will apply these amendments when they become effective.

The amendments to IAS 39

The corresponding amendments are consistent with those of IFRS 9, but with the following differences:

* For the prospective assessment of hedge effectiveness, it is assumed that the benchmark on which the hedged cash flows are based (whether or not it is contractually specified) and/or the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform.
* For the retrospective assessment of hedge effectiveness, to allow the hedge to pass the assessment even if the actual results of the hedge are temporarily outside the 80% - 125% range, during the period of uncertainty arising from IBOR reform.
* For a hedge of a benchmark portion (rather than a risk component under IFRS 9) of interest rate risk that is affected by IBOR reform, the requirement that the portion is separately identifiable need be met only at the inception of the hedge.
The Company will apply these amendments when they become effective.

Definition of Material - Amendments to IAS 1 and IAS 8

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, '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, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. These amendments will currently have no impact on the financial statements of the Company.

The Company will apply this amendment when it becomes effective on 1 January 2020.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single-on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). The Company will make use of the short-term lease exemption.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset, which will lead to a higher charge being recorded in the profit or loss compared to IAS 17. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

At the beginning of 2019, the Company performed a detailed impact assessment of IFRS 16. The Company have leases with a tenure of 12 months. Most of such leases are renewed annually at the end of the year.
The Company can elect to apply the short-term lease exemption to leases for which at commencement has a tenure of 12 months or less. Where the Company elects to use this exemption, it will not recognise right of use of asset or lease liability, in which case it accrues for the lease payments not yet made. Electing to use short-term lease exemption will have no impact on the Company.

New standards

IFRS 17 Insurance Contracts: This standard will not impact the Company.

New and amended standards and interpretations

The following listed standard amendments and improvement which are effective for annual periods beginning on or after 1 January 2019 will not have impact on the Company's financial position, performance and/or disclosures.
Amendments

IFRS 9 Prepayments Features with Negative Compensation

IAS 28 Long-term interests in associates and joint ventures
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

2015-2017 cycle

IFRS 3 Business Combination: Previously held interests in a joint operation
IFRS 11 Joint Arrangements: Previously held interests in a joint operation
IAS 12 Income Taxes: Income tax consequences of payments on financial instruments classified as equity
IAS 23 Borrowing Costs: Borrowing costs eligible for capitalisation

5 Summary of significant accounting policies

The following are the significant accounting policies applied by the Company in preparing its financial statements:

5.1.1 Subsidiaries

In the financial statements of Transport Services Limited, investment in subsidiaries is accounted for at cost. Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, 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 Company controls an investee if, and only if, the Company has:
- Power over the investee (i.e., existing rights that give it the current liability to direct the relevant activities of the investee)
s- 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 result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company 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.

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to other former owners of the acquiree and the equity interests issued to the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent arrangement. Identifiable assets acquired, and liabilities/contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Company is recognised at fair value at the acquisition date. Subsequent changes to the value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous entity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of the consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

5.1.2 Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gain or losses on disposals to non-controlling interests are also recorded in equity.

5.1.3 Disposal of subsidiaries

When the Company ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when the control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed off the related assets or liabilities. This may mean amounts previously recognised in other comprehensive income are reclassified to profit or loss.

5.1.4 Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associates is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Company's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Company's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive with a corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of an associate in the Profit or Loss.

Profits and losses resulting from upstream and downstream transactions between the Company and its associate are recognised in the Company's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company. Dilution gains and losses arising on investments in associates are recognised in the profit or loss.

5.2 Revenue Recognition

5.2.1 IAS 18 Revenue (Policy applicable before 1 January 2018)

Revenue represents the fair value of the consideration received or receivable for sales of goods and services, in the ordinary course of the Company's activities and is stated net of value added tax (VAT), rebates and discounts. The Company recognises revenue when the amount of revenue can be reliably measured; it is probable that future benefits will flow to the entity and when specific criteria have been met for each of the Company's activities. However, where uncertainty arises as to the collectability of an amount already recognised as revenue, the uncollectable amount is, or the amount to which recovery has ceased to be probable, is recognised as an expense.

5.2.1.1 Sale of goods

Revenue from goods sold is recognised when risk and reward has been transferred and the Company does not retain managerial involvement to the degree usually associated with ownership or effective control over the goods sold. Revenue from scrap sales is recognised at the fair value of consideration received or receivable, after deducting sales taxes, excise duties and similar levies, when customers lift the scrap and significant risks and rewards of ownership have been transferred.

5.2.1.2 Rendering of services

Revenue from rendering services is recognised in the period the services are rendered. Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity and revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction.

5.2.2 IFRS 15 Revenue from contracts with customers (Policy applicable from 1 January 2018)

Transport Services Limited (TSL) is the leading transport solution provider, active and proficient in secured transportation of petroleum and dry products from source to end user. The Company generates its revenue from the following operations:

1. Transportation of petroleum products
2. Transportation of agro-allied product,
3. Transportation of products on behalf of fast-moving consumer goods to agreed destination point, and other transport services as required by spot hire customers.

Revenue from contracts with customers is recognised when the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

5.2.3 Significant financing component

Generally, the Company receives consideration in short term advance and in arrears from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component since it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

*** Trade receivables**

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

*** Contract assets**

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance). The Company will recognise a contract asset when it has fulfilled a contract obligation but must perform other obligations before being entitled to payment. This is in contrast to a receivable, which is the right to payment that is unconditional, except for the passage of time.

*** Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company 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 Company performs under the contract.

5.2.4 Interest

Interest income and expenses are recognised in statement of profit or loss and other comprehensive income using the effective interest rate method. The effective interest rate is the rate that actually discounts the estimated future cash flows to the carrying amount of the financial asset or liability.

5.2.5 Dividend income

Dividend income is recognised in the period in which the right to receive payment is established.

5.3 Earnings per share

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

5.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Overhaul costs for major maintenance programmes are capitalised as incurred as long as these costs increase the efficiency of the unit or extend the useful life of the asset. All other maintenance costs are expensed as incurred.

An item of property, plant and equipment and is derecognised on 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 or loss in the year the asset is derecognised.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and assets under construction) less their residual values over their useful lives, using the straight-line method. The basis for depreciation is as follows:

	%
Workshop construction	10
Plant and Machinery (others)	20
Plant and Machinery (heavy trucks)	12.5
Motor Vehicles	25
Furniture and Fittings	20
Computers and Office Equipment	25
Assets under construction	Nil
Land	Nil

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

5.5 Intangible assets

An intangible asset is recognised if, and only if, it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.
The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over its estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of

consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.
The amortisation expense on intangible assets with finite lives is recognised in profit or loss as the expense category that is consistent with the function of the intangible assets.

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

Computer Software

The Company made upfront payments to purchase computer software. The computer software cost is amortised over a period of four (4) years commencing from the month of installation.

5.6 Impairment of non-financial assets

At the end of each reporting period, the entity reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.
Recoverable amount is the higher of fair value less costs of disposal and value-in-use. 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 for which the estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.
When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss account.

5.7 Financial instruments

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

5.7.1 IFRS 9 Financial instruments (Policy applicable from 1 January 2018)

5.7.1.1 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 Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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 Company 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 (Note 5.2.2).

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 Company'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.

5.7.1.1.1 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into these 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 at fair value through profit or loss
The Company's financial assets are measured at amortised cost

5.7.1.1.2 Financial assets at amortised cost (debt instruments)

The Company 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 Company's financial assets at amortised cost include trade receivables, due from related party and cash and cash equivalents.

5.7.1.1.3 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 Company's statement of financial position) when:
* The rights to receive cash flows from the asset have expired, or
* The Company has transferred its right 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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 Company could be required to repay.

5.7.1.1.4 Impairment of financial assets

The Company 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 Company expects to receive, discounted at an approximation of the original effective interest rate.

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

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises loss allowance based on lifetime ECLs at each reporting date. The Company 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 other financial assets, the Company calculates ECLs based on 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 Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Company 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 Company relies on a broad range of forward-looking information as economic inputs, such as:
*GDP growth
*Oil price
*Exchange rate
*Inflation rate

5.7.1.1.5 Write-offs

The Company's accounting policy under IFRS 9 remains the same as it was under IAS 39. Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to profit or loss.

5.7.1.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Company's financial liabilities are trade and other payables, and due to related parties.

5.7.1.2.1 Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:
Interest bearing 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.

5.7.1.2.2 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.

5.7.1.3 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 liabilities simultaneously.

5.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined using First-In-First-Out (FIFO) cost method and they include expenditures incurred in acquiring the stocks, and other costs incurred in bringing them to their existing location and condition.
Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal. Allowance is made for defective and slow moving items as appropriate.

5.9 Taxes

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

Current income tax

Current income tax is the amount of income tax payable on the tax payable profit for the year determined in accordance with the relevant tax legislation and any adjustment to tax payable in respect of previous years. The Company is subject to the following types of current income tax:

* Company Income Tax - This is provided at 30% of taxable profits of Companies operating within Nigeria.
* Tertiary Education Tax - Education tax is provided at 2% of assessable profits of Companies operating within Nigeria.

Deferred income 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 ventures, 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, carry forward of unused tax credits and unused tax losses, 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 losses can be utilised, 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 ventures, 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 the end of each reporting period and reduced to the extent that it is no longer profitable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Current and deferred tax expense for the year

Current and deferred tax expense are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax expenses are also recognised in other comprehensive income or directly in equity respectively.

5.10 Provisions

Provisions are liabilities of uncertain timing or amount and are recognised when the entity has a present obligation (legal or constructive) as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.
The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).
When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.
Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

5.11 Employee retirement benefits

Employee benefits

According to IAS 19, employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

Short term employee benefits

These are benefits that are expected to be settled wholly, before twelve months after the end of the annual reporting period in which the employee rendered the related service. According to IAS 19, all short-term benefits are to be recognised and measured as liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefit, the Company shall recognise the excess as an asset, to the extent that the prepayment will lead to future reduction in future payment or cash refund or as an expense.
Pension fund scheme

The Company, in line with the provisions of the Pension Reform Act 2014 operates a defined contribution pension scheme under which the Company and its employees contribute 10% and 8% respectively of the employee's monthly basic salary, housing and transport allowances to the fund. The staff contributions to the scheme are funded through payroll deductions while the Company's contributions are accrued and charged fully to the profit or loss account. The Company's contributions are accrued and charged to the profit or loss as and when the relevant service is provided by employees. The Company has no further payment obligations once the contributions have been paid.

5.12 Equity

Equity instruments are contracts that give a residual interest in the net assets of the Company. Ordinary shares are classified as equity when there is no obligation to transfer cash and other assets. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds. Share issue costs net of tax are charged to the share premium account.

5.13 Retained earnings

The retained earnings comprise of undistributed profit from previous years and current year. Retained earnings is classified as part of equity in the statement of financial position.

5.14 Expenses

5.14.1 Operating expenses
Administrative and other direct expenses that relates to the operation of the Company are charged to the profit or loss during the period to which they relate but major overhaul expenditure is capitalised and depreciated over the remaining life of the assets concerned.

5.14.2 Interest expense
Interest expenses are recognised as they accrue in profit or loss, using the effective interest rate method.

5.15 Leases

5.15 Leases (Policy applicable from 1 January 2019)
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The entity elected to separate lease and non-lease components for leases of its Office rent and the related service charge.

i.) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, which ranges from 3 to 6 years for the various leases in the Company's Portfolio.

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

ii.) Lease liabilities

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

In calculating the present value of the lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or the rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Company's lease liabilities are included in interest-bearing loans and borrowings (see Note 22.1).

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

The Company applies the short-term lease recognition exemption to its short-term leases of some properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Company 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.

Leases (Policy applicable prior to 1 January 2019)

Leases

The determination of whether an arrangement is a lease, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specified asset or assets, even if that right is not explicitly specified in an arrangement.

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating 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. The Company does not currently hold any property in the capacity of a lessor.

5.16 Current versus non-current classification

The Company 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 a normal operating cycle
* Held primarily for the purpose of trading
* Expected to be realised within twelve months after the reporting period, or cash and short term deposits 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 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 Company classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

5.17 Foreign currency translation

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.
Exchange differences arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e. the translation differences on items whose fair values gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

5.18 Government grant

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 the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

6 Financial risk management

6.1 Risk management overview

The Company entails different risks. It is essential for the Company that these risks are identified and addressed in accordance with the risk management objectives established by the Management.
The Company considers effective risk management as an integral element of its daily operations. It seeks to strike an appropriate balance between the risks it takes and returns from its entire business endeavor. Overall, the aim of its risk management practices is timely and systematic identification of risks that may lead to adverse deviation from the business objective or may become a risk to the continued existence of the Company, so that such risks can be avoided or their negative effects minimised by initiating prompt counter measures.
The Company faces risks including: Financial Risks (including Interest rate risk, Credit risk, Liquidity risk and Foreign exchange risk); Operational Risks (including Legal risk); Health and Safety / Security / Environmental & Quality Assurance (HSSEQ) Risks; Strategic Risks (including Macroeconomic risk, Competition and Customer risk, Industry risk and Procurement risk); and Reputational Risks.

Each of these risks is discussed in more detail throughout this section.

6.2 Risk management framework

Risk management is an ongoing process in Transport Services Limited (TSL) involving the identification of risks and assessment of the potential impact on the Company's objectives. As a practice, risk owners in each department / unit identify, assess and manage the risks that emerge in their areas. These risks are reported by the risk owners as part of other activities reporting of their respective department / unit.
Accordingly, the Company is establishing a comprehensive risk management framework to monitor, coordinate, evaluate and manage the principal risks it assumes in conducting its business activities across all departments / units.

At TSL, the Management has adopted an Enterprise-wide Risk Management (ERM) approach to the way it handles risks within the Company. ERM takes into account the methods and processes used to manage risks and seize opportunities related to the achievement of objectives. Its frameworks typically consist of five elements: the risk governance, risk assessment, risk quantification & aggregation, risk monitoring & reporting and risk optimization, which suits its business needs.
The objective of the ERM project is to implement an integrated risk management system that adopts a risk portfolio approach to managing risks as opposed to managing risks in bits.

6.3 Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.
The Company is not currently buying and selling derivatives, however, it incurs financial liabilities, in order to manage market risks.
The Company manages market risks by keeping cost low to keep prices within profitable range, foreign exchange risks are managed by maintaining foreign denominated bank accounts and maintaining letters of credit facility lines with the Company's bankers. Also, interest rates are bench marked to NIBOR (for local loans). Though the Company at the moment, has no foreign loans but its supplier credit supply is in FX, thereby exposing it to foreign exchange risk.

6.4 Foreign exchange risk

The foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.
The Company is exposed to foreign currency risk on imported products that are denominated in a currency other than its functional currency. The Company is exposed primarily to US Dollars (USD), Euro (€), and Pound Sterling (GBP). The Company also militates against forex risk by deliberately reducing its imports and as well outsourcing its imports to third parties whilst it makes payment in Naira.
In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Sensitivity analysis

A strengthening of the Naira, as indicated below, against the Euro (€), British Pounds (GBP) and US Dollars (USD) as at 31 December 2019 would have increased / (decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period and has no impact on equity. The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2018, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below:

31 December 2019	**Increase/ (decrease) in profit or loss (₦'000)**
Euro (5% strengthening)	(70,603)
British Pounds (GBP) (5% strengthening)	24
USD Dollar (5% strengthening)	3,695
31 December 2018	
Euro (5% strengthening)	(72,165)
British Pounds (GBP) (5% strengthening)	23
USD Dollar (5% strengthening)	3,697
31 December 2017	
Euro (5% strengthening)	(122,331)
British Pounds (GBP) (5% strengthening)	18
USD Dollar (5% strengthening)	12,307

A weakening of the Naira against the above currencies at reporting date would have had the equal opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

6.5 Interest rate risk

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

The Company's interest rate on borrowings is floating and is driven by market forces so the Company is exposed to multiple interest rates. The risk is managed by the Company by constantly negotiating with the banks to ensure that interest rates are consistent with the monetary policy rates as defined by the Central Bank of Nigeria.

A summary of the Company interest rate gap position and non-trading portfolio is as follows:

At 31 December 2019	Carrying amount	0 - 6 months	Maturity Profile 6 - 12 months	above 1 year
Financial assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and short-term deposit	5,823,184	5,823,184	-	-
Trade and other receivables (*)	402,884	402,884	-	-
Contract assets	798,115	798,115	-	-
	7,024,183	7,024,183	-	-
Financial liabilities				
Trade and other payables (**)	1,581,800	1,563,249		18,551
Contract liabilities	3,189,773	3,189,773		
Loans and borrowings	10,856,404	2,968,496		7,887,908
	15,627,977	7,721,518	-	7,906,459
Repricing Gap (assets - liabilities)	**(8,603,794)**	**(697,335)**	**-**	**(7,906,459)**

At 31 December 2018	Carrying amount	0 - 6 months	Maturity Profile 6 - 12 months	above 1 year
Financial assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and short-term deposit	6,165,633	6,165,633	-	-
Trade and other receivables (*)	282,911	282,911	-	-
Contract assets	572,142	572,142	-	-
	7,020,686	7,020,686	-	-
Financial liabilities				
Trade and other payables (**)	5,869,038	5,850,487	-	18,551
Contract liabilities	15,922,941	15,922,941	-	-
Loans and borrowings	5,640,924	1,711,067	-	3,929,857
	27,432,903	23,484,495	-	3,948,408
Repricing Gap (assets - liabilities)	**(20,412,217)**	**(16,463,809)**	**-**	**(3,948,408)**

At 31 December 2017	Carrying amount	0 - 6 months	Maturity Profile 6 - 12 months	above 1 year
Financial assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and short-term deposit	9,586,494	9,586,494	-	-
Trade and other receivables (*)	103,341	103,341	-	-
	9,689,835	9,689,835	-	-
Financial liabilities				
Trade and other payables (**)	4,298,059	4,201,963	-	96,096
Loans and borrowings	1,070,626	920,317	-	150,308
	5,368,685	5,122,280	-	246,404
Repricing Gap (assets - liabilities)	**4,321,150**	**4,567,555**	**-**	**(246,404)**

At 31 December 2016	Carrying amount	0 - 6 months	Maturity Profile 6 - 12 months	above 1 year
Financial assets	**₦'000**	**N'000**	**N'000**	**N'000**
Cash and short-term deposit	414,847	414,847	-	-
Trade and other receivables	2,691,769	2,691,769	-	-
	3,106,616	3,106,616	-	-
Financial liabilities				
Trade and other payables	5,357,005	3,346,120	808,585	1,202,300
Loans and borrowings	1,522,298	473,235	473,235	575,828
	6,879,303	3,819,355	1,281,820	1,778,128
Repricing Gap (assets - liabilities)	**(3,772,687)**	**(712,739)**	**(1,281,820)**	**(1,778,128)**

At 31 December 2015	Carrying amount	0 - 6 months	Maturity Profile 6 - 12 months	above 1 year
Financial assets	**₦'000**	**N'000**	**N'000**	**N'000**
Cash and short-term deposit	247,669	370,535	-	-
Trade and other receivables	2,454,924	2,454,924	-	-
	2,702,593	2,825,459	-	-
Financial liabilities				
Trade and other payables	4,610,912	1,626,668	1,626,668	1,357,576
Loans and borrowings	2,936,162	821,285	568,029	1,546,848
	7,547,074	2,447,953	2,194,697	2,904,424
Repricing Gap (assets - liabilities)	**(4,844,481)**	**377,506**	**(2,194,697)**	**(2,904,424)**

* Trade and other receivables exclude withholding tax recoverable and others which are non-financial assets
** Trade and other payables exclude statutory and other liabilities which are not financial liabilities.

6.6 Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people, systems and external events. This definition specifically includes Legal risk but excludes Strategic and HSSEQ risk. Operational risk is inherent in TSL's business and support activities.

Operational risk within the Company could be IT system risk; malicious acts such as theft; fraud; disloyalty; misappropriation of payments; performance failure of vendor; corruption; misrepresentation of financial reporting or business disruption. These events could result in financial losses and/or reputational damage to the Company.

IT system risk: the availability of a functioning IT infrastructure and IT applications is crucially important for the economic performance of TSL. IT risk can arise from a possible outage of operational and administrative IT systems, which could impact the course of business.

Under the ERM implementation, the Internal Control & Risk (ICR) management unit is responsible for the development of a robust Operational risk management framework for the Company. In addition to a deeply entrenched sufficient control framework, the Company's Operational risk management framework will focus on applying tools such as Risk & Control Self-Assessment (RCSA) and the Internal Loss Data Collection (LDC) in identifying, measuring and monitoring Operational risk.

6.7 Credit risk

The Company's trading activity may give rise to the risk of settlement failure at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of a counter party to honor its obligations to deliver cash, securities or other assets as contractually agreed.

Credit risk is the potential for financial loss resulting from the failure of a borrower or counter party to honor its financial or contractual obligations. It arises any time the Company's funds are extended, committed, invested or otherwise exposed through actual or implied contractual agreements. TSL's exposure to credit risk is principally through its Cash and short term and deposits with banks as well as credit exposure to customer, including outstanding receivables and committed transactions.

The Company has practices to ensure that sales of services are made to customers with an appropriate credit history. Credit transactions are limited to high quality financial institutions and there are limits to amount of credit exposure to any one bank.

The Company has no significant concentration of credit risk. Credit risks are managed within a framework of credit policies, guidelines and processes as stated below.

6.7.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date is as stated below:

	Notes	2019 ₦'000	2018 ₦'000	2017 ₦'000
Trade and other receivables		402,884	282,911	103,341
Contract assets	7.2	798,115	572,142	-
Cash and short-term deposits	20	5,823,184	6,165,633	9,586,494
		7,024,183	**7,020,686**	**9,689,835**

* Trade and other receivables exclude withholding tax recoverable and others which are non-financial assets.
** Trade and other payables exclude dividend payable, statutory and other liabilities which are not financial liabilities.

6.7.2 Trade and other receivables

The Company has developed a comprehensive credit policy that details its risk philosophy and metrics. The credit risk policy defines the level and type of credit exposures that the Company is prepared to accept in order to achieve its business goals and objectives. The framework creates a quantifiable link between the risks assumed and the amount of risk capital required to support those risks. The capital adequacy ensures that the Company holds adequate level of capital to support its operations.

The Company's exposure to credit risk is influenced mainly by Customers Business realities. However, Management also considers the demographics of the Company's customer base including the default risk of the industry and the country in which the customers operate, as these factors may have an influence on credit risk.

The Company through its Credit Committee has established a credit policy under which each new proposed credit customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The review includes external ratings, financial performance, and in some cases bank references. Credit limits are established for each customer which represents the maximum open amount. These limits are approved by the Managing Director and reviewed quarterly. Customers that fail to meet the Company's benchmark credit worthiness may transact only on a prepayment basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relates to all customers. Customers that are graded as high risk are placed on a restricted customer list and monitored by the Credit Committee, and future sales are made on a prepayment basis.

6.7.3 Impairment losses

Trade receivables

For trade receivables, the Company applied the simplified approach in computing ECL. Therefore, the Company 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 (i.e., customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above. The Company does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Company's trade receivable using a provision matrix:

31 December 2019	31-60 days ₦'000	61-90 days ₦'000	>90 days ₦'000	Total ₦'000
Expected Credit Loss rate	0.00%	100%	100%	
Estimated total gross carrying amount at default	-	(397)	12,896	330,893
Expected Credit Loss	-	(397)	12,896	32,684
31 December 2018				
Expected Credit Loss rate	74.70%	0.00%	100%	
Estimated total gross carrying amount at default	95,464	-	4,278	353,208
Expected Credit Loss	71,314	-	4,278	187,583
31 December 2017				
Expected Credit Loss rate	28.50%	100%	100%	
Estimated total gross carrying amount at default	14,502	(2,387)	117	76,500
Expected Credit Loss	4,134	(2,387)	117	25,408

6.7.4 Expected Credit Loss Measurement - Other financial assets

The Company applied the general approach in computing expected credit losses (ECL) for intercompany receivables, staff loans and sundry debtors. The Company 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 Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in three 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 and adjusted for the likelihood of survival (i.e. the exposure has not been 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. This discount rate used in the ECL calculation is the Central Bank of Nigeria prime lending rate.

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

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

6.7.5 Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Summary of significant accounting policies. 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. The following tables set out the key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case, plus the effect of the use multiple economic scenarios as at 31 December 2019 and 31 December 2018.

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

31 December 2019

Key drivers	Scenario	2020	2021	2022	2023	2024	Subsequent years
GDP growth	Upturn	0.29	0.32	0.35	0.38	0.41	0.41
	Base	19.00	0.15	0.16	0.14	0.15	0.15
	Downturn	0.11	0.08	0.05	0.02	-0.01	-0.01
Oil Price %	Upturn	59.00	62.00	65.00	68.00	71.00	71.00
	Base	57.00	62.00	54.00	56.00	57.00	57.00
	Downturn	41.00	38.00	35.00	32.00	29.00	29.00
Exchange rate %	Upturn	175.00	170.00	165.00	160.00	155.00	155.00
	Base	209.48	219.95	230.95	242.49	254.62	254.62
	Downturn	214.99	225.74	237.02	248.87	261.32	261.32
Inflation rate %	Upturn	24.00	22.00	20.00	18.00	16.00	16.00
	Base	32.00	33.00	34.00	35.00	36.00	36.00
	Downturn	36.00	38.00	40.00	42.00	44.00	44.00

31 December 2018

Key drivers	Scenario	2019	2020	2021	2022	2023	Subsequent years
GDP growth	Upturn	0.26	0.29	0.32	0.35	0.38	0.41
	Base	0.20	19.00	0.15	0.16	0.14	0.15
	Downturn	0.14	0.11	0.08	0.05	0.02	-0.01
Oil Price %	Upturn	56.00	59.00	62.00	65.00	68.00	71.00
	Base	55.00	57.00	62.00	54.00	56.00	57.00
	Downturn	44.00	41.00	38.00	35.00	32.00	29.00
Exchange rate %	Upturn	180.00	175.00	170.00	165.00	160.00	155.00
	Base	199.50	209.48	219.95	230.95	242.49	254.62
	Downturn	204.75	214.99	225.74	237.02	248.87	261.32
Inflation rate %	Upturn	26.00	24.00	22.00	20.00	18.00	16.00
	Base	31.00	32.00	33.00	34.00	35.00	36.00
	Downturn	34.00	36.00	38.00	40.00	42.00	44.00

1 January 2018

Key drivers	Scenario	2018	2019	2020	2021	2022	Subsequent years
GDP growth	Upturn	0.23	0.26	0.29	0.32	0.35	0.38
	Base	0.20	0.20	19.00	0.15	0.16	0.14
	Downturn	0.17	0.14	0.11	0.08	0.05	0.02
Oil Price %	Upturn	53.00	56.00	59.00	62.00	65.00	68.00
	Base	50.00	55.00	57.00	62.00	54.00	56.00
	Downturn	47.00	44.00	41.00	38.00	35.00	32.00
Exchange rate %	Upturn	185.00	180.00	175.00	170.00	165.00	160.00
	Base	190.00	199.50	209.48	219.95	230.95	242.49
	Downturn	195.00	204.75	214.99	225.74	237.02	248.87
Inflation rate %	Upturn	28.00	26.00	24.00	22.00	20.00	18.00
	Base	30.00	31.00	32.00	33.00	34.00	35.00
	Downturn	32.00	34.00	36.00	38.00	40.00	42.00

The following tables outline the impact of multiple scenarios on the allowance for other financial assets:

31 December 2019	Due from related parties ₦'000	Short term deposits ₦'000	Sundry debtors ₦'000	Staff loans ₦'000
Upside (10.83%)	244	34	1,474	1
Base (80.00%)	1,802	248	10,889	5
Downturn (9.17%)	207	28	1,248	1
Total	**2,253**	**310**	**13,611**	**7**

31 December 2018	Due from related parties ₦'000	Short term deposits ₦'000	Sundry debtors ₦'000	Staff loans ₦'000
Upside (10.17%)	9,634	-	52,743	2
Base (79.17%)	74,993	-	410,581	15
Downturn (10.66%)	10,098	-	55,283	2
Total	**94,725**	**-**	**518,607**	**19**

1 January 2018	Due from related parties ₦'000	Short term deposits ₦'000	Sundry debtors ₦'000	Staff loans ₦'000
Upside (10.17%)	19	16,513	58,907	4
Base (77.97%)	142	126,603	451,623	29
Downturn (11.86%)	22	19,258	68,696	4
Total	**183**	**162,374**	**579,226**	**37**

6.7.6 Due from related parties

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

	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 ₦'000	Total ₦'000
Gross carrying amount as at 1 January 2019	164,266	-	-	164,266
New asset purchased	(569)	-	-	(569)
Write offs	(13,845)	-	-	(13,845)
Asset derecognised or repaid (excluding write offs)	(89,954)	-	-	(89,954)
At 31 December 2019	**59,898**	**-**	**-**	**59,898**

	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 ₦'000	Total ₦'000
ECL allowance as at 1 January 2019	94,725	-	-	94,725
Reversal	(2,519)	-	-	(2,519)
Asset derecognised or repaid (excluding write offs)	(89,954)	-	-	(89,954)
At 31 December 2019	**2,252**	**-**	**-**	**2,252**

	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 ₦'000	Total ₦'000
Gross carrying amount as at 1 January 2018	10,920	-	-	10,920
New asset purchased	153,346	-	-	153,346
Asset derecognised or repaid (excluding write offs)	-	-	-	-
At 31 December 2018	**164,266**	**-**	**-**	**164,266**

	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 ₦'000	Total ₦'000
ECL allowance as at 1 January 2018	183	-	-	183
New asset purchased	94,542	-	-	94,542
Asset derecognised or repaid (excluding write offs)	-	-	-	-
At 31 December 2018	**94,725**	**-**	**-**	**94,725**

6.7.7 Short term deposits

	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 ₦'000	Total ₦'000
Gross carrying amount as at 1 January 2019	-	-	-	-
New asset purchased	144,060	-	-	144,060
Asset derecognised or repaid (excluding write offs)	-	-	-	-
At 31 December 2019	**144,060**	**-**	**-**	**144,060**

	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 ₦'000	Total ₦'000
ECL allowance as at 1 January 2019	-	-	-	-
New asset purchased	310	-	-	310
Asset derecognised or repaid (excluding write offs)	-	-	-	-
At 31 December 2019	**310**	**-**	**-**	**310**

	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 ₦'000	Total ₦'000
Gross carrying amount as at 1 January 2018	5,300,000	-	-	5,300,000
New asset purchased	-	-	-	-
Asset derecognised or repaid (excluding write offs)	(5,300,000)	-	-	(5,300,000)
At 31 December 2018	**-**	**-**	**-**	**-**

	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 ₦'000	Total ₦'000
ECL allowance as at 1 January 2018	162,374	-	-	162,374
New asset purchased	-	-	-	-
Asset derecognised or repaid (excluding write offs)	(162,374)	-	-	(162,374)
At 31 December 2018	**-**	**-**	**-**	**-**

6.7.8 Sundry debtors

	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 ₦'000	Total ₦'000
Gross carrying amount as at 1 January 2019	9,489,841	-	-	9,489,841
New asset purchased	-	-	-	-
Asset derecognised or repaid (excluding write offs)	(9,474,802)	-	-	(9,474,802)
At 31 December 2019	**15,039**	**-**	**-**	**15,039**

	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 ₦'000	Total ₦'000
ECL allowance as at 1 January 2019	518,607	-	-	518,607
New asset purchased	-	-	-	-
Asset derecognised or repaid (excluding write offs)	(504,996)	-	-	(504,996)
At 31 December 2019	**13,611**	**-**	**-**	**13,611**

	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 ₦'000	Total ₦'000
Gross carrying amount as at 1 January 2018	-	-	-	-
New asset purchased	12,418,096	-	-	12,418,096
Asset derecognised or repaid (excluding write offs)	(2,928,255)	-	-	(2,928,255)
At 31 December 2018	**9,489,841**	**-**	**-**	**9,489,841**

	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 ₦'000	Total ₦'000
ECL allowance as at 1 January 2018	579,226	-	-	579,226
New asset purchased	-	-	-	-
Asset derecognised or repaid (excluding write offs)	(60,619)	-	-	(60,619)
At 31 December 2018	**518,607**	**-**	**-**	**518,607**

6.7.9 Staff Loans

	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 ₦'000	Total ₦'000
Gross carrying amount as at 1 January 2019	47,765	-	-	47,765
New asset purchased	-	-	-	-
Asset derecognised or repaid (excluding write offs)	(730)	-	-	(730)
At 31 December 2019	**47,035**	**-**	**-**	**47,035**

	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 ₦'000	Total ₦'000
ECL allowance as at 1 January 2019	19	-	-	19
New asset purchased	-	-	-	-
Asset derecognised or repaid (excluding write offs)	(13)	-	-	(13)
At 31 December 2019	**6**	**-**	**-**	**6**

6.7.10 Credit quality rating

After a careful analysis of customer's general character, organisational / Management quality, financial condition, market position, business operations, industry and other factors; the Company acknowledges that there are diverse intrinsic risks inherent in its business and, as a result, applies different parameters to adequately dimension the risks in each business segments.

Under the ERM implementation project, the Internal Control & Risk management unit is responsible for the development of a robust Credit Risk Management (assets & liabilities) framework for the Company as part of the financial risk work stream.

6.7.11 Investments

The Company limits its exposure to credit risk by investing only in liquid securities and only with counter parties that have credit ratings and given that the Company only has investment with high credit rating, Management does not expect any counter party to fail to meet its obligations.

6.8 Liquidity risk

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

On the liquidity aspect of the Company, TSL manages its liquidity risk by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of current financial assets and liabilities. Asset and liability management is the practice of managing risks that arise due to mismatches between the assets and liabilities (debts and assets) of the Company.

The Company manages its liquidity process by:

* daily monitoring of future cash flows to ensure that requirements can be met
* monitoring statement of financial position liquidity ratios against internal requirements
* managing the concentration and debt profile

The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this includes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

6.9 Regulatory risk

TSL business is subject to regulation as well as prescribed local and international laws. Regulatory risk is defined as the risk to earnings or capital arising from violations of, or non-conformance with laws, rules, regulations, prescribed practices, or ethical standards. The responsibility for regulatory risk lies primarily with TSL Compliance and Legal departments who enforces compliance and legal policies to ensure compliance.

6.10 Health & Safety / Security / Environment & Quality (HSSEQ) Assurance risks

TSL's participation in the Transport and Logistics environment requires careful and diligent management of security risk. A key element of managing risks is ensuring that all points along a supply chain network, including transportation assets and facilities, are properly secured to mitigate security issues and safeguard the Company's customer's products as they move to their destinations.

The Company has a fully equipped HSSEQ team that is responsible for the day-to-day tactical and operational decision of the Company's security management. In 2019 FY, the team continued to enhance the Company's security by continuous development and enhancement of its Security Risk Assessment tool (to allow further qualitative and quantitative analysis to be conducted). The continuous analysis of the Company's security process and procedures ensures best practices relevant to security management.

To further support its employees, subcontractors, drivers and other partners, TSL developed a learning program, unique to the Transport and Logistics industry, to raise the awareness of the dangers facing drivers during transport.

Quality, Health & Safety Environmental protection are matters of utmost importance to TSL's customers, employees, shareholders and the management team. As a firm committed to continuous improvement and learning, the Management is ceaselessly focused on always improving and expanding upon efforts to ensure the quality of the products delivered, to the health and safety of all the stakeholders and to the care and respect for the environment.

These efforts, which extend throughout the organization, are coordinated through the HSSEQ team which oversees all relevant organisational and operational safety practices based on relevant documented HSSEQ policies. The international standards of ISO 9001, ISO 14001 and OHSAS 18001 are all key elements of its Safety management approach, which enables the Quality, Health, Safety and Environment teams to identify risks, and measure and analyse performance to ensure the quality of the operational service delivered to customers.

Due to the nature of work across the business divisions, workers are exposed to safety related risks. This may be on account of hazardous exposures during potentially harmful procedures, negligence on the part of the workers etc.

Mitigating strategies:

i. Proper training of staff on safety measures and provision of required protective clothing and equipment

ii. Strict adherence to the health and safety policies

iii. Provision of adequate Health Insurance Cover to protect the staff in the event of hazardous incidences

6.11 Strategic & reputational risks

The performance of the Nigeria economy and of trade is of crucial importance for the demand for logistics services and thus the performance of TSL. This is a significant risk to TSL. Also, as a Transport and Logistics service provider, it is necessary for the Management to continuously review its business model and strategic direction to optimize the Company's corporate structures and processes, in order to be better prepared for fluctuation in the economy and intensity of industry competition.

Strategic risk is the risk of loss to earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. Some strategic risk factors with which the Company is faced include activities of competitors; political terrain; social mores; the economy; laws and regulations; and strategic business decisions (e.g.; talent structure, remuneration, technology, business initiatives etc.).

Reputational risk on the other hand, is the risk of loss to earnings or capital arising from damage to the Company's reputation. This damage could be as a result of poor communications and crisis mismanagement; regulatory non-compliance; poor financial performance; corporate governance and leadership; inadequate Corporate Social Responsibility; workplace culture; poor service delivery.

The Company's strategic and reputational risk is managed by the Executive Leadership Team (ELT) and the Corporate Services and Communication Unit respectively.

Mitigating strategies:

The Company will continue to strive for excellence in all its dealings. With a technically sound management team, the quality of its services will not be compromised.

6.12 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor capital on the basis of the gearing ratio, which the Company defines as total liabilities (non-current liabilities and current liabilities) over total assets (non-current assets and current assets). The Board of Directors also monitor the level of dividends to ordinary shareholders

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a capital position. The Company does not have a defined share buy-back plan. Refer to note 30 for more details.

7 Revenue from contracts with customers

7.1 Disaggregated revenue information

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

	2019	2018	2017	2016	2015
	₦'000	₦'000	₦'000	₦'000	₦'000
Segments					
Types of services					
Oil and gas products	2,465,623	2,078,896	1,864,327	2,435,939	2,534,663
Mining and construction products	6,672,331	5,593,805	4,219,446	3,562,680	3,154,892
Fast moving consumer goods	643,567	559,054	647,844	846,908	1,051,277
Agro-allied products	105,053	69,708	83,044	116,962	176,325
Shipping	20,455	201,711	-	-	-
Training	6,719	-	-	-	-
Total revenue from contracts with customers	9,913,748	8,503,174	6,814,661	6,962,489	6,917,157
Geographical markets: Nigeria	9,913,748	8,503,174	6,814,661	6,962,489	6,917,157
Timing of revenue recognition Services transferred over time	9,913,748	8,503,174	6,814,661	6,962,489	6,917,157
Total revenue from contracts with customers	9,913,748	8,503,174	6,814,661	6,962,489	6,917,157

7.2 Contract balances

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Trade receivables (Note 19.1)	298,209	165,624	76,500	-	-
Contract assets	798,115	572,142	-	-	-
Contract liabilities	3,189,773	15,922,941	-	-	-

Trade receivables are non-interesting bearing. In 2019, ₦32.68 million (2018: ₦187.58 million) was recognised as provision for expected credit losses on trade receivables.

Contract assets represent the amount of work done at the reporting date for which invoices are yet to be submitted to the Customers. In 2019, ₦5.1 million (2018: ₦4.4 million) was recognised as provision for expected credit losses on contract assets.

Contract liabilities include short-term advance received for services the Company is yet to render.
Performance obligations

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

Oil and Gas products, Mining and Construction products, Agro-Allied products and FMCG sectors
The single performance obligation performed by the Company is typically transportation services to its customer's designation delivery point. As part of completing its service obligation, the Company equally performs services in addition to freight services, such as loading and offloading of products as stated in the contract agreement. These services are not distinct from freight services, as they are highly interrelated to the trip completed by the trucking carrier.

The customers shall pay to the Company on terms set out in the agreement.

8 Operating costs

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Direct operating expenses (Note 8.1)	7,061,173	6,165,403	4,475,906	4,275,856	4,275,019
Administrative expenses (Note 8.2a)	1,281,068	1,687,467	1,129,170	986,639	982,714
	8,342,241	7,852,870	5,605,076	5,262,495	5,257,733

8.1 Direct operating expenses

	2019	2018	2017	2016	2015
As per segment:					
Oil and gas products	1,748,050	1,507,347	1,224,500	1,495,978	1,566,500
Mining and construction products	4,763,109	4,055,905	2,771,355	2,187,940	1,949,822
Fast moving consumer goods	456,269	405,354	425,507	520,109	649,722
Agro-allied products	74,479	50,542	54,544	71,829	108,975
Shipping	14,502	146,255	-	-	-
Training	4,764				
	7,061,173	6,165,403	4,475,906	4,275,856	4,275,019

	2019	2018	2017	2016	2015
As per functions:					
Depreciation of property, plant and equipment	2,469,597	1,760,258	1,226,989	1,011,795	1,103,927
Diesel consumption	1,715,763	1,874,144	1,098,772	1,202,041	1,460,033
Tyre consumption	716,305	511,889	217	461,947	-
Loading fees and delivery	365,261	429,919	241,293	261,700	494,383
Maintenance	421,467	455,524	988,297	358,138	511,650
Salaries and wages	-	-	69,990	46,088	27,613
Other direct operating expenses	1,372,780	1,133,669	850,348	934,147	677,413
	7,061,173	6,165,403	4,475,906	4,275,856	4,275,019

Other direct operating expenses include provisions for driver's shortage, courier services, discount allowed to customers, insurance premium on trucks and other operating expenses.

8.2a Administrative expenses

	2019	2018	2017	2016	2015
	₦'000	₦'000	₦'000	₦'000	₦'000
Audit fee	12,900	9,250	9,550	8,800	7,350
Amortisation of intangible assets	697	-	2,755	3,754	3,724
Bank charges	54,736	53,029	15,413	18,176	120,917
Business development	1,475	53	37,197	26,726	18,077
Communications	17,574	18,069	14,894	14,014	15,673
Depreciation of property, plant and equipment	32,866	25,696	20,636	18,634	14,816
Depreciation of right-of-use assets	57,624	-	-	-	-
Directors remuneration	135,087	253,907	125,700	118,860	117,735
Donations	730	5,512	5,002	9,915	5,014
Electricity and water rate	2,634	2,450	22,901	20,304	11,413
Entertainment and gift	750	3,044	10,730	2,167	22,454
Legal and professional fees	90,166	42,770	39,800	53,875	23,385
Loss on disposal of Property, plant and equipment	-	-	-	-	2,521
Impairment charge on investment in associates	-	-	2,600	-	-
Marketing, advert and publicity	-	-	1,131	704	583
Medical	14,025	685	-	23,860	8,995
Others *	105,947	11,284	4,710	2,570	-
Printing and stationeries	8,220	5,717	1,553	1,066	1,541
Provision for bad and doubtful staff debts	249	297	80,473	6,942	15,078
Public relations	1,893	-	7,420	3,666	3,017
Rent and rates	17,458	24,072	17,875	16,840	24,875
Repairs and maintenance	69,589	61,069	27,156	28,990	21,447
Salaries and wages	1,014,273	798,266	511,736	490,678	440,333
Performance Bonus	-	20,000	-	-	-
Staff training and welfare	195,119	196,455	143,876	105,327	94,263
Transport and travelling	30,568	45,385	26,062	10,771	9,503
Utilities	77,206	77,869	-	-	-
Government levies	677	650	-	-	-
Credit loss expenses (Note 8.5)	(661,395)	31,939	-	-	-
	1,281,068	1,687,468	1,129,170	986,639	982,714

* Others represents office expenses and write-offs

	2019	2018	2017	2016	2015
8.2b Foreign exchange loss	37,925	14,467	671,821	938,944	10,610

8.3 Depreciation included in the profit or loss

Direct operating expenses (Note 8.1)	2,469,601	1,760,258	1,226,989	1,011,795	1,103,927
Administrative expenses (Note 8.2a)	32,866	25,696	20,636	18,634	14,816
	2,502,467	1,785,954	1,247,625	1,030,429	1,118,743

8.4 Employee benefits expense

Direct operating expense (Note 8.1)	-	-	69,990	46,088	27,613
Administrative expenses (Note 8.2a)	1,014,273	798,266	511,736	490,678	440,333
	1,014,273	798,266	581,726	536,766	467,946

8.5 Credit loss expenses

The table below shows the ECL expense / (reversal) on financial instruments for the year recorded in the statement of profit or loss:

31 December 2019	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 ₦'000	Total ₦'000
Due from related parties (Note 6.7.6)	(2,519)	-	-	(2,519)
Short-term deposits (Note 6.7.7)	310	-	-	310
Sundry debtors (Note 6.7.8)	(504,996)	-	-	(504,996)
Staff loans (Note 6.7.9)	(13)	-	-	(13)
	(507,218)	-	-	(507,218)
Trade receivables and contract assets (Note 6.7)	-	-	-	(154,177)
	(507,218)	-	-	(661,395)

31 December 2018	Stage 1 Individual ₦'000	Stage 2 Individual ₦'000	Stage 3 ₦'000	Total ₦'000
Due from related parties (Note 6.7)	91,746	-	-	91,746
Short-term deposits (Note 6.7)	(162,374)	-	-	(162,374)
Sundry debtors (Note 6.7)	(60,619)	-	-	(60,619)
Staff loans (Note 6.7)	(18)	-	-	(18)
	(131,265)	-	-	(131,265)
Trade receivables and contract assets (Note 6.7)	-	-	-	163,204
	(131,265)	-	-	31,939

We have used the simplified approach for trade receivables and contract assets and the general approach for due from related parties, short-term deposits, sundry debtors and staff loans.

9 Other operating income

	31 December 2019 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2016 ₦'000	31 December 2015 ₦'000
Scrap sales	21,486	8,345	23,367	11,784	5,234
Miscellaneous income *	12,801	471,573	458,397	26,649	44,529
Profit on disposal of property, plant and equipment	102,160	148,738	10,059	1,100	-
Discount received	24,533	311	21	1,548	2,583
Insurance claims	282,296	-	-	-	-
Provision no longer required **	181,892	-	-	-	-
Government grant (Note 25)	28,205	-	-	-	-
Other income	-	-	626	-	-
	653,373	628,967	492,470	41,081	52,346

* The miscellaneous income represents commission on the purchase of trucks for some customers.

** This represent an over provision in respect of value added tax from 2009 to 2015 that is no longer required.

10 Finance income / (costs)

10.1 Finance income

	2019	2018	2017	2016	2015
	₦'000	₦'000	₦'000	₦'000	₦'000
Interest income	46,484	285,087	225,302	568	6,496
	46,484	285,087	225,302	568	6,496

10.2 Finance costs

	2019	2018	2017	2016	2015
	₦'000	₦'000	₦'000	₦'000	₦'000
Interest on lease liability (Note 24)	(24,038)	-	-	-	-
Interest expense	(1,276,223)	(397,154)	(384,485)	(594,221)	(714,199)
	(1,300,261)	(397,154)	(384,485)	(594,221)	(714,199)
Net finance cost	**(1,253,777)**	**(112,067)**	**(159,183)**	**(593,653)**	**(707,703)**

11 Income tax expense

11.1 Profit or loss:

	2019	2018	2017	2016	2015
	₦'000	₦'000	₦'000	₦'000	₦'000
Company income tax	296,488	352,164	240,080	186,155	215,867
Education tax	52,554	55,988	46,574	37,165	43,120
Capital gain tax	3,721	-	-	-	-
Prior year under-provision*	157,826	-	-	-	-
	510,589	408,152	286,654	223,320	258,987
Deferred taxation (Note 15.1)	134,646	609,057	208,120	(131,727)	134,176
Total income tax expense reported in profit or loss	645,235	1,017,209	494,774	91,593	393,163

Prior year under provision represents tax audit liability in respect of additional Income and Education tax from year 2010 to 2018. We have presented it as an addition to current year tax and also to the tax payable in the Statements of Financial Position.

11.2 Reconciliation of effective tax rate:

	2019	2018	2017	2016	2015
	₦'000	₦'000	₦'000	₦'000	₦'000
Accounting profit before taxation	933,178	1,152,737	871,051	208,478	993,457
At statutory income tax rate of 30%	279,953	345,821	261,315	62,543	298,037
Non-deductible expenses	151,181	615,400	186,885	(8,115)	52,006
Education tax	52,554	55,988	46,574	37,165	43,120
Capital gain tax	3,721				
Prior year under-provision	157,826				
At the effective income tax rate	645,235	1,017,209	494,774	91,593	393,163
Effective tax rate	69%	88%	57%	44%	40%

12 Basic / diluted earnings per share

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

Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

The following reflects the income and share data used in the EPS computations:

	31 December 2019 ₦'000	31 December 2018 ₦'000	31 December 2017 ₦'000	31 December 2016 ₦'000	31 December 2015 ₦'000
Net profit attributable to ordinary equity holders	287,943	135,528	376,277	116,885	600,294
Weighted average number of ordinary shares for basic / diluted EPD ('000)	20,000	20,000	20,000	20,000	20,000
Basic / diluted earnings per share (Naira)	14	7	19	6	30

There has been no transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements. Also, there are no dilutive instruments in issue.

13 Property, plant and equipment

	Land	Building Construction	Plant & Machinery (Others)	Plant & Machinery (Heavy trucks)	Computer & Office Equipment	Motor Vehicles	Furniture and Fittings	Assets under construction	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
COST:									
At 1 January 2018	**191,399**	**3,488**	**36,573**	**11,411,620**	**41,714**	**44,924**	**13,956**	**1,652,393**	**13,396,067**
Addition	-	-	17,138	8,023,078	31,876	4,140	5,796	20,841	8,102,869
Reclassification	-	-	-	1,441,973	-	-	-	(1,441,973)	-
Disposal of PPE	-	-		(349,132)	(172)	(4,740)	-	-	(354,044)
At 31 December 2018	**191,399**	**3,488**	**53,711**	**20,527,539**	**73,418**	**44,324**	**19,752**	**231,261**	**21,144,892**
Addition	-	2,467	6,603	-	27,031	25,999	13,663	526,608	602,371
Reclassification	-	-	-		-	-	-	-	-
Disposal of PPE				(430,418)					(430,418)
At 31 December 2019	**191,399**	**5,955**	**60,314**	**20,097,121**	**100,449**	**70,323**	**33,415**	**757,869**	**21,316,845**
COST:									
At 1 January 2017	**191,399**	**3,488**	**27,055**	**10,011,965**	**56,219**	**62,424**	**13,031**	**247,895**	**10,613,476**
Addition	-	-	9,518	1,537,065	15,207	-	4,968	1,404,498	2,971,256
Disposal of PPE	-	-	-	(137,410)	(29,712)	(17,500)	(4,043)	-	(188,665)
At 31 December 2017	**191,399**	**3,488**	**36,573**	**11,411,620**	**41,714**	**44,924**	**13,956**	**1,652,393**	**13,396,067**
Addition	-	-	17,138	8,023,078	31,876	4,140	5,796	20,841	8,102,869
Reclassification	-	-	-	1,441,973	-	-	-	(1,441,973)	-
Disposal of PPE	-	-	-	(349,132)	(172)	(4,740)	-	-	(354,044)
At 31 December 2018	**191,399**	**3,488**	**53,711**	**20,527,539**	**73,418**	**44,324**	**19,752**	**231,261**	**21,144,892**
COST:									
At 1 January 2016	**180,904**	**3,488**	**27,055**	**10,026,378**	**48,942**	**62,424**	**13,001**	**157,876**	**10,520,068**
Addition	10,495	-	-	-	7,277	-	30	90,019	107,821
Disposal of PPE	-	-	-	(14,413)	-	-	-	-	(14,413)
At 31 December 2016	**191,399**	**3,488**	**27,055**	**10,011,965**	**56,219**	**62,424**	**13,031**	**247,895**	**10,613,476**
Addition	-	-	9,518	1,537,065	15,207	-	4,968	1,404,498	2,971,256
Reclassification	-	-	-	-	-	-	-	-	-
Disposal of PPE	-	-	-	(137,410)	(29,712)	(17,500)	(4,043)	-	(188,665)
At December 2017	**191,399**	**3,488**	**36,573**	**11,411,620**	**41,714**	**44,924**	**13,956**	**1,652,393**	**13,396,067**
COST:									
At 1 January 2015	**213,655**	**3,088**	**27,055**	**8,582,868**	**43,634**	**40,929**	**10,393**	**28,393**	**8,950,015**
Addition	1,413	400	-	1,499,651	5,308	21,495	2,608	102,319	1,633,194
Disposal of PPE	-	-	-	(63,141)	-	-	-	-	(63,141)
Transfer	(34,164)	-	-	7,000	-	-	-	27,164	-
At 31 December 2015	**180,904**	**3,488**	**27,055**	**10,026,378**	**48,942**	**62,424**	**13,001**	**157,876**	**10,520,068**
Addition	10,495	-	-	-	7,277	-	30	90,019	107,821
Disposal of PPE	-	-	-	(14,413)	-	-	-	-	(14,413)
At December 2016	**191,399**	**3,488**	**27,055**	**10,011,965**	**56,219**	**62,424**	**13,031**	**247,895**	**10,613,476**

13 Property, plant and equipment - Continued

	Land	Building Construction	Plant & Machinery (Others)	Plant & Machinery (Heavy trucks)	Computer & Office Equipment	Motor Vehicles	Furniture and Fittings	Assets under construction	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
DEPRECIATION:									
At 1 January 2018	-	1,804	25,199	5,835,975	20,633	36,770	7,801	-	5,928,182
Charge for the year	-	270	5,504	1,760,254	12,041	5,719	2,166	-	1,785,954
Disposal of PPE	-	-	-	(257,125)	(172)	(4,740)	-	-	(262,037)
At 31 December 2018	**-**	**2,074**	**30,703**	**7,339,104**	**32,502**	**37,749**	**9,967**	**-**	**7,452,099**
Charge for the year	-	568	7,519	2,469,601	14,395	5,802	4,581	-	2,502,466
Disposal of PPE	-	-	-	(416,230)	-	-	-	-	(416,230)
At 31 December 2019	**-**	**2,642**	**38,222**	**9,392,475**	**46,897**	**43,551**	**14,548**	**-**	**9,538,335**
At 1 January 2017	-	1,475	22,117	4,732,439	43,612	45,096	10,521	-	4,855,260
Charge for the year	-	329	3,082	1,226,989	6,708	9,174	1,343	-	1,247,625
Disposal of PPE	-	-	-	(123,453)	(29,687)	(17,500)	(4,063)	-	(174,703)
At 31 December 2017	**-**	**1,804**	**25,199**	**5,835,975**	**20,633**	**36,770**	**7,801**	**-**	**5,928,182**
Charge for the year	-	270	5,504	1,760,254	12,041	5,719	2,166	-	1,785,954
Disposal of PPE	-	-	-	(257,125)	(172)	(4,740)	-	-	(262,037)
At 31 December 2018	**-**	**2,074**	**30,703**	**7,339,104**	**32,502**	**37,749**	**9,967**	**-**	**7,452,099**
At 1 January 2016	-	1,123	20,065	3,735,057	37,491	35,850	9,658	-	3,839,244
Charge for the year	-	352	2,052	1,011,795	6,121	9,246	863	-	1,030,429
Disposal of PPE	-	-	-	(14,413)	-	-	-	-	(14,413)
At 31 December 2016	**-**	**1,475**	**22,117**	**4,732,439**	**43,612**	**45,096**	**10,521**	**-**	**4,855,260**
Charge for the year	-	329	3,082	1,226,989	6,708	9,174	1,343	-	1,247,625
Disposal of PPE	-	-	-	(123,453)	(29,687)	(17,500)	(4,063)	-	(174,703)
At 31 December 2017	**-**	**1,804**	**25,199**	**5,835,975**	**20,633**	**36,770**	**7,801**	**-**	**5,928,182**
At 1 January 2015	-	784	18,029	2,690,649	32,535	29,215	8,808	-	2,780,020
Charge for the year	-	339	2,036	1,103,927	4,956	6,635	850	-	1,118,743
Disposal of PPE	-	-	-	(59,519)	-	-	-	-	(59,519)
At 31 December 2015	**-**	**1,123**	**20,065**	**3,735,057**	**37,491**	**35,850**	**9,658**	**-**	**3,839,244**
Charge for the year	-	352	2,052	1,011,795	6,121	9,246	863	-	1,030,429
Disposal of PPE	-	-	-	(14,413)	-	-	-	-	(14,413)
At 31 December 2016	**-**	**1,475**	**22,117**	**4,732,439**	**43,612**	**45,096**	**10,521**	**-**	**4,855,260**
NET BOOK VALUE:									
At 31 December 2019	191,399	3,313	22,092	10,704,645	53,552	26,772	18,867	757,869	11,778,509
At 31 December 2018	191,399	1,414	23,008	13,188,435	40,916	6,575	9,785	231,261	13,692,793
At 31 December 2017	191,399	1,684	11,374	5,575,645	21,081	8,154	6,155	1,652,393	7,467,885
At 31 December 2016	191,399	2,013	4,938	5,279,526	12,607	17,328	2,510	247,895	5,758,216
At 31 December 2015	180,904	2,365	6,990	6,291,321	11,451	26,574	3,343	157,876	6,680,824

14 Intangible assets

	Software ₦'000	Total ₦'000
Cost:		
At 1 January 2018	18,866	18,866
Additions	-	-
At 31 December 2018	**18,866**	**18,866**
Additions	3,700	3,700
At 31 December 2019	**22,566**	**22,566**
Accumulated amortisation:		
At 1 January 2018	18,866	18,866
Amortisation for the year	-	-
At 31 December 2018	**18,866**	**18,866**
Amortisation for the year	697	697
At 31 December 2019	**19,563**	**19,563**
Carrying amount:		
At 31 December 2019	3,003	3,003
		-
At 31 December 2018	-	-
Cost:		
At 1 January 2017	18,866	18,866
Additions	-	-
At 31 December 2017	**18,866**	**18,866**
Additions	-	-
At 31 December 2018	**18,866**	**18,866**
Accumulated amortisation:		
At 1 January 2017	16,111	16,111
Amortisation for the year	2,755	2,755
At 31 December 2017	**18,866**	**18,866**
Amortisation for the year	-	-
At 31 December 2018	**18,866**	**18,866**
Carrying amount:		
At 31 December 2018	-	-
At 31 December 2017	-	-
Cost:		
At 1 January 2016	18,866	18,866
Additions	-	-
At 31 December 2016	**18,866**	**18,866**
Additions	-	-
At 31 December 2017	**18,866**	**18,866**
Accumulated amortisation:		
At 1 January 2016	**12,357**	**12,357**
Amortisation for the year	3,754	3,754
At 31 December 2016	**16,111**	**16,111**
Amortisation for the year	2,755	2,755
At 31 December 2017	**18,866**	**18,866**
Carrying amount:		
At 31 December 2017	-	-
At 31 December 2016	2,755	2,755
Cost:		
At 1 January 2015	18,866	18,866
Additions	-	-
At 31 December 2015	**18,866**	**18,866**
Additions	-	-
At 31 December 2016	**18,866**	**18,866**
Accumulated amortisation:		
At 1 January 2015	8,633	8,633
Amortisation for the year	3,724	3,724
At 31 December 2015	**12,357**	**12,357**
Amortisation for the year	3,754	3,754
At 31 December 2016	**16,111**	**16,111**
Carrying amount:		
At 31 December 2016	2,755	2,755
At 31 December 2015	6,509	6,509

15 Income tax payable

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
At 1 January	837,128	892,277	885,707	701,373	449,385
Prior year under provision	157,826	-	-	-	-
Charge for the year (Note 11.1)	352,763	408,152	286,654	223,320	258,987
Payments during the year	(21,001)	(35,000)	(280,084)	(38,986)	(6,999)
Withholding tax utilised	-	(428,301)	-	-	-
At 31 December	**1,326,716**	**837,128**	**892,277**	**885,707**	**701,373**

15.1 Deferred tax (liabilities) / assets

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
At 1 January	10,767	391,072	599,192	467,464	601,640
IFRS 9 tax impact (Note 2.2.2)	-	228,753	-	-	-
Charge for the year (Note 11.1)	(134,646)	(609,057)	(208,120)	131,727	(134,176)
At 31 December	**(123,879)**	**10,767**	**391,072**	**599,191**	**467,464**
Deferred tax relates to the following:					
Accelerated depreciation for tax purposes	-	(223,431)	331,938	419,331	332,855
Unrealised exchange (gain) / loss	-	(7,493)	59,134	179,860	(23,820)
Provision for bad and doubtful debt	-	-	-	-	158,429
Credit loss expense	-	241,691	-	-	-
At 31 December	**-**	**10,767**	**391,072**	**599,191**	**467,464**

16 Investment in subsidiaries

The following are Transport Services Limited's investment in subsidiary companies.

	Holding	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
TSL Estates Limited	Nigeria - 100%	1,000	1,000	1,000	1,000	1,000
TSL Marine Limited	Nigeria - 56% (Note 16.1)		-	-	11,150	11,150
		1,000	**1,000**	**1,000**	**12,150**	**12,150**

Investment in subsidiaries are measured at cost.

16.1 Disposal of subsidiary

On 30 June 2017, Transport Services Limited entered into a sale agreement to dispose of its investment in TSL Marine Ltd (a subsidiary). The disposal was effected in order to generate cash flow for the expansion of the Company's other businesses. The disposal was completed in 2017, on which date control of the subsidiary passed to the acquirer. Details of the assets and liabilities disposed of, and the calculation of the profit on disposal, are disclosed below.

	30 June 2017 ₦'000
Property, plant and equipment (net book value)	3,096,614
Trade and other receivables	1,349,788
Cash and bank balances	446,246
Trade and other payables	(7,150,799)
Interest bearing loans and borrowings	(894,899)
Attributable goodwill	-
Gain on disposal	1,776,859
Total consideration satisfied by:	11,150
Cash and cash equivalents	-
Deferred consideration	11,150
	11,150
Net cash inflow arising on disposal:	
Consideration received in cash and cash equivalents	-
Less: cash and cash equivalents disposed of	(446,246)
	(446,246)

The deferred consideration was settled in cash by the purchaser.

17 Investment in associate

The associate as listed below has share capital consisting solely of ordinary shares, which were directly held by the Company. The country of incorporation or registration is also its principal place of business.

Nature of investment in associate:

	Country of incorporation & % holding	Measurement Method	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
TSL Support Limited	Nigeria - 26%	Equity	-	-	-	2,600	2,600
			-	-	-	2,600	2,600

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
At 1 January	-	-	2,600	2,600	2,600
Share of loss	-	-	-	-	-
Impairment	-	-	(2,600)	-	-
At 31 December	**-**	**-**	**-**	**2,600**	**2,600**

Unrecognised share of loss in associate:

At 1 January	-	-	-	-	-
Addition	-	-	-	-	-
At 31 December	**-**	**-**	**-**	**-**	**-**

The amount of share of loss in excess of the Company's interest in the associate, including any other unsecured receivables as at 31 December 2019 is Nil (2018: Nil). This has not been recognised in line with IFRS. The associate was dormant during the year.

17.1 Prepayments

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Rent prepaid	5,781	59,792	-	-	-
Truck insurance prepayment	17,670	47,066	-	-	-
Motor vehicle insurance	598	559	-	-	-
Other prepaid expenses	8,969	16,452	44,574	22,554	16,479
	33,018	**123,869**	**44,574**	**22,554**	**16,479**

18 Inventories

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Spare parts - (in transit)	137,045	-	-	-	-
Spare parts	201,018	224,050	534,438	65,392	47,407
	338,063	**224,050**	**534,438**	**65,392**	**47,407**

The value of spare parts and other inventories recognised in profit or loss during the year amounted to ₦1,116,447,197.42 (2018: ₦961,738,210.91). There was no inventory write off during the year (2018: Nil)

19. Trade and other receivables

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Trade receivables (Note 19.1)	298,209	165,624	76,500	530,108	145,401
Staff receivables (Note 19.2)	47,029	47,746	15,921	3,153	7,615
Withholding tax recoverable	1,895,835	1,387,258	1,425,803	1,346,160	1,050,150
Product shortage receivables (Note 19.3)	-	-	-	-	74,437
Due from related parties (Note 26.1)	57,646	69,541	10,920	9,546	21,119
Other receivables (Note 19.4)	667,402	9,292,790	13,068,975	802,802	1,156,202
	2,966,121	10,962,959	14,598,119	2,691,769	2,454,924

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The Company's exposure to credit and current risks, and impairment losses related to trade and other receivables are disclosed in Note 6.7. Other receivables include Value Added Tax and staff advance.

19.1 Trade receivables

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Gross trade receivables	330,893	353,207	76,500	530,108	146,279
Allowance for doubtful trade debts	-	-	-	-	(878)
Allowance for ECL (Note 19.1.1)	(32,684)	(187,583)	-	-	-
	298,209	**165,624**	**76,500**	**530,108**	**145,401**

19.1.1 Allowance for ECL on trade receivables

At 1 January under IAS 39	187,583	-	-	-	-
IFRS 9 Adjustment as at the date of transition (Note 6.7.3)	-	25,408	-	-	-
At 1 January restated	187,583	25,408	-	-	-
(Reversal of) / provision for expected credit loss	(154,899)	162,175	-	-	-
At 31 December	**32,684**	**187,583**	**-**	**-**	**-**

19.2 Staff receivables

Gross staff receivables	47,035	47,765	15,921	19,549	19,373
Allowance for ECL (Note 19.2.1)	(6)	(19)	-	(16,396)	(11,758)
	47,029	**47,746**	**15,921**	**3,153**	**7,615**

19.2.1 Allowance for ECL on staff loans

At 1 January under IAS 39	19	-	16,396	11,758	2,406
IFRS 9 Adjustment as at the date of transition (Note 6.7.9)	-	37	-	-	-
At 1 January restated	19	37	16,396	11,758	2,406
(Reversal of) / provision for expected credit loss	(13)	(18)	(16,396)	4,638	9,352
At 31 December	**6**	**19**	**-**	**16,396**	**11,758**

19.3 Product shortages receivables

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Gross receivables	-	577,681	577,681	577,681	582,572
Impairment loss (Note 19.3.1)	-	(577,681)	(577,681)	(577,681)	(508,135)
	-	-	-	-	74,437

19.3.1 Impairment loss

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
At 1 January	-	577,681	577,681	508,135	437,365
Charge for the year	-	-	-	69,546	70,770
At 31 December	**-**	**577,681**	**577,681**	**577,681**	**508,135**

19.4 Other receivables

Sundry debtors*	15,039	9,489,841	12,418,096	48,338	565,963
Advanced payment to suppliers	107,316	-	-	-	-
Value added tax	144,291	108,701	82,694	54,245	30,147
Accrued revenue**	-	-	426,876	624,954	551,431
Insurance deposit	414,367	212,855	149,409	82,979	15,987
Allowance for ECL on sundry debtors (Note 19.4.1)	(13,611)	(518,607)	(8,100)	(7,714)	(7,326)
	667,402	**9,292,790**	**13,068,975**	**802,802**	**1,156,202**

* Sundry debtors of the Company: ₦15.039 million (2018: ₦9.5 billion) as at 31 December 2019 represent amounts outstanding in respect of sale of trucks and other clearing services rendered by the Company.

** Accrued revenue represent amount of work done at the reporting date for which invoices are yet to be submitted to the Customers.

19.4.1 Allowance for ECL on sundry debtors

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
At 1 January	518,607	8,100	7,714	7,326	3,983
IFRS 9 Adjustment as at the date of transition (Note 6.7.9)	-	571,126	-	-	-
At 1 January restated	518,607	579,226	7,714	7,326	3,983
(Reversal of) / provision for expected credit loss	(504,996)	(60,619)	386	388	3,343
At 31 December	13,611	518,607	8,100	7,714	7,326

20 Cash and short term deposits

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Cash at hand	2,003	2,020	839	201	1,036
Cash at bank	2,448,824	6,163,611	4,285,653	349,644	246,631
Restricted cash*	3,228,607	-	-	-	-
Short term deposits	144,060	2	5,300,002	65,002	2
	5,823,494	6,165,633	9,586,494	414,847	247,669
Less: Allowance for ECL on short-term deposits	(310)	-	-	-	-
At 31 December	**5,823,184**	**6,165,633**	**9,586,494**	**414,847**	**247,669**

* The restricted cash relates to cash held by Bank to be used for foreign exchange.

20.1 Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

20.2 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Cash and short-term deposits	5,823,494	6,165,633	9,586,494	414,847	247,669
Bank overdrafts (Note 22.1)	(1,731,769)	(96,465)	(453,126)	(170,800)	(240,181)
	4,091,725	6,069,168	9,133,368	244,047	7,488

The analysis of changes in the gross carrying amount and the corresponding ECL allowances, are enclosed in Note 6.7

The Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in Note 6.7.

21 Share capital

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Authorised, issued and fully paid:					
20,000,000 ordinary shares of ₦1.00 each	20,000	20,000	20,000	20,000	20,000

22 Interest bearing loans and borrowings

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
22.1 Current					
Bank overdrafts	1,731,769	96,465	453,126	170,800	240,181
FBNM Facility	306,149	324,999	-	-	-
Access Bank Plc	494,890	-	29,481	121,443	148,904
Ecobank Nigeria Plc	297,331	385,341	430,431	654,227	802,517
Other facility - (OMP)	-	-	7,280	-	197,712
GDL Facility	46,328	254,265	-	-	-
BOI Facility - Current	88,639	-	-	-	-
Lease liability-current (See note 24)	3,390	-	-	-	-
Total	2,968,496	1,061,070	920,318	946,470	1,389,314
22.2 Non-current					
FBNM Facility	662,927	974,996	-	-	-
Ecobank Nigeria Plc	4,688,447	13,123	136,984	575,828	1,198,174
Other facility (OMP)	-	(46,557)	13,324	-	197,712
GDL Facility	-	25,735	-	-	-
Access Bank Plc	1,484,668	3,612,557	-	-	150,962
BOI Facility	976,246	-	-	-	-
Lease liability-non current (See note 24)	75,620	-	-	-	-
	7,887,908	4,579,854	150,308	575,828	1,546,848
Total	**10,856,404**	**5,640,924**	**1,070,626**	**1,522,298**	**2,936,162**

22.3 Reconciliation of interest bearing loans and borrowings:

	2019	2018	2017	2016	2015
At 1 January	5,640,924	1,070,625	1,522,298	2,936,162	-
Additions during the year	7,686,325	5,196,105	-	-	-
Payment during the year	(2,470,845)	(625,806)	(451,672)	(1,413,864)	-
	10,856,404	5,640,924	1,070,626	1,522,298	2,936,162

22.4 Terms and conditions

Bank overdrafts

This represents unsecured overdrawn facilities from Ecobank Plc on current account. The overdraft attracts an average interest rate of 20% and it is payable on demand.

Bank loans

GROWTH & DEVELOPMENT ASSET MGT LTD (GDL) FACILITY

This credit facility was made available in 2018 with tenure of 18 months and effective interest rate of 22%. It is an asset backed by commercial paper.

Ecobank Plc

The Company has a loan with Ecobank which is due in 2020. In addition, they entered into another loan agreement with Ecobank for ₦5.5 billion, out of which ₦4.9 billion has been drawn down in 6 tranches. The loan is to support new acquisition and refurbishment of tractor and trailers. It is a 7 year facility with 1 year moratorium from the date of the disbursement of the loan with an interest rate of 18%.

Access Bank Plc

The loan of ₦3.6billion was obtained from Access bank to facilitate procurement of Truck head, tanker and towering trucks, with a tenure of 5 years, a moratorium of 9 months and an interest rate of 23%.

FBNQuest Merchant Bank Limited

This is an asset based finance facility disbursed in tranches from the end of 2017 to 2018 at an effective interest rate of 23% with repayment period of 56 months.

Bank of Industry Limited

₦1.266 billion BOI loan was disbursed in 2019 having a tenure of 60 months with principal moratorium of 12 months. This was obtained at a below market rate of 10% and recognised at fair value less the transaction cost at initial recognition. The difference between the fair value and the amount disbursed was recognised as Government grant and amortised over the tenure of the loan. See note 25 for disclosure of Government grants.

23 Trade and other payables

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Trade creditors	1,563,249	5,281,861	2,883,073	2,707,847	2,128,366
Accruals	519,600	568,626	1,318,890	466,122	388,809
Dividends payable	70,000				
Advance from customers	-	-	22,870,171	1,148,633	1,352,295
Due to related parties (Note 26.3)	18,551	18,551	96,096	34,747	29,080
Statutory and other liabilities	2,025,816	1,700,669	1,311,709	999,656	712,362
	4,197,216	**7,569,707**	**28,479,939**	**5,357,005**	**4,610,912**
Less: Trade and other payables - Non-current (Note 26.3)	(18,551)	(18,551)	(96,096)	(1,202,300)	(1,357,576)
Trade and other payables – Current	**4,178,665**	**7,551,156**	**28,383,843**	**4,154,705**	**3,253,336**

Terms and conditions

a. Trade and other payables are non-interest bearing and are normally settled within 30 to 45 days terms.

b. Other payables are non-interest bearing and are normally settled within 30 to 45 days terms.

c. Statutory liabilities comprise withholding tax (WHT), Pay-As-You-Earn (PAYE), Value Added Tax (VAT) and Pension Payable while other liabilities comprise of unpaid share capital and others.

24 Leases

The Company as a lessee

The Company has lease contracts for rented office apartments and residential buildings. Leases of rented office apartments and residential buildings generally have lease terms between 2 and 6 years. The Company'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 Company also has certain leases of rented office apartments and residential buildings with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

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

	Property lease	**Total**
	₦'000	**₦'000**
At 1 January 2019	185,606	185,606
Additions	-	-
Depreciation expenses	(57,624)	(57,624)
At 31 December 2019	127,982	127,982

Set out below are the carrying amount of lease liabilities (included in interest-bearing loans and borrowings) and the movements during the period:

	2019
	₦'000
At 1 January	126,881
Additions	-
Accretion of interest	24,038
Payments	(71,909)
At 31 December 2019	79,010
Current (Note 22.1)	3,390
Non-current (Note 22.2)	75,620

The maturity analysis of lease liabilities (included in interest bearing loans and borrowings) are disclosed in note 6.5

The following are the amounts recognised in profit or loss:	**2019**
	₦'000
Depreciation expense of right-of-use assets	57,624
Interest expense on lease liabilities	24,038
Expense relating to short-term leases (included in profit or loss)	6,881
Total amount recognised in profit or loss	**88,543**

The Company had total cash outflows for leases of ₦71,909,167 in 2019.

25 Government grants

	2019
	₦'000
At 1 January	-
Received during the year	202,757
Released to the statement of profit or loss (See note 9)	(28,205)
At 31 December	**174,552**
Current	64,650
Non-current	109,902

The Company received ₦1,266,000,000 from Bank of Industry limited through the Federal Government of Nigeria intervention loan scheme to finance procurement of items of plant and machinery at a rate of 10% which is significantly lower than the market rate of interest. The loan has been recognised on initial recognition at fair value in compliance with the provision of IAS 20 (Accounting for Government grants and disclosure of Government assistance).
The difference between the fair value of the loan at initial recognition and actual amount disbursed has been recognised as Government grant and amortised over the tenure of the loan.

26 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions or one party controls both. The definition includes key management personnel of the Company.

The key management personnel and persons connected with them are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the Executive and Non-Executive Directors of the Company. Close members of family are those family members who may be expected to influence or be influenced by that individual in their dealings with the Company.

The following table provides the summary of outstanding balances in respect of transactions that have been entered into with related parties for the relevant financial year.

	2019	2018	2017	2016	2015
	₦'000	₦'000	₦'000	₦'000	₦'000
Due from related parties (Note 26.1)	57,646	69,541	10,920	9,546	21,119
Due to related parties (Note 26.2)	(18,551)	(18,551)	(96,096)	(34,747)	(29,080)
	39,095	50,990	(85,176)	(25,201)	(7,961)

26.1 Due from related parties

	2019	2018	2017	2016	2015
TSL Logistics Limited	21,649	61,113	10,920	9,546	18,824
Core Alliance and Investment Ltd	2,389	2,295	-	-	2,295
TSL Marine Limited	500	500	-	-	-
Capital Core Outsourcing Ltd	1,285	1,285	-	-	-
TSL Urban Transit Ltd	-	89,954	-	-	-
Integrated Automative Service Ltd	34,053	9,119	-	-	-
CAIL TS LTD	22	-	-	-	-
	59,898	164,266	10,920	9,546	21,119
Less: Allowance for ECL on due from related parties (Note 26.2)	(2,252)	(94,725)	-	-	-
	57,646	69,541	10,920	9,546	21,119

During the year, due from related parties relating to TSL urban transit limited was written off. A write off of ₦13.845 million has been shown in the Directors account, while ₦89.954 million was derecognised from the carrying amount and accumulated impairment loss of TSL urban transit limited. See note 6.7.6

26.2 Allowance for ECL on due from related parties

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
At 1 January	94,725	2,795	500	-	-
IFRS 9 Adjustment as at the date of transition (Note 6.7.6)	-	184	-	-	-
At 1 January restated	94,725	2,979	500	-	-
Derecognition of expected credit loss	(89,954)	-	-	-	-
(Reversal) / provision for expected credit loss	(2,519)	91,746	(500)	-	-
At 31 December	2,252	94,725	-	-	-

The analysis of changes in the gross carrying amount and the corresponding ECL allowances on due from related parties, are disclosed in Note 6.7.6

26.3 Due to related parties

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
TSL Support Limited	10,181	10,181	14,428	14,428	10,181
TSL Estates Limited	7,783	7,783	8,581	8,582	7,292
Flightline Support West Africa Limited	587	587	587	587	457
TSL Marine Limited	-	-	72,500	11,150	11,150
	18,551	**18,551**	**96,096**	**34,747**	**29,080**

Nature, Terms and Conditions of transactions with related parties

During the year, the Company transacted business with the following related parties. Purchases for the year from the related parties are as follows:

Purchases / (sales):	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
TSL Logistics Limited	14,187	17,653	17,653	53,362	25,036
TSL Estates Limited	-	-	-	(1,290)	(4,561)
Flightline Support West Africa	-	-	-	-	(3,080)
	14,187	**17,653**	**17,653**	**52,072**	**17,395**

The purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables.

Parent and ultimate controlling party

The major shareholder of the Company is CAIL TS Limited, with a 96% shareholding.

Other related parties

i. **TSL Logistics Limited:** Transport Services Limited outsourced the management and operation of aircraft refueller trucks at both Ikeja and Abuja Aviation to TSL Logistics Limited.

ii. **TSL Estates Limited:** TSL Estates Limited is one of Lafarge Wapco Cement Distributors. The entity supplies cements for the construction of Transport Services site.

iii. **Flightline Support West Africa Limited:** Flightline supplies Transport Services Personal Protective Equipment (PPE), that is, safety accessories that are being used by TSL staff.

Transactions with key management personnel

Key management was determined as inclusive of Directors (executive and non-executive), and members of the key executive management (leadership team). There were no other transactions with key management personnel other than those relating to their remuneration. Details of their remuneration is documented below:

Compensation to key management staff

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Fees and salaries	63,297	49,500	54,000	52,500	54,000
Other remuneration	71,790	204,407	71,700	66,360	63,735
	135,087	253,907	125,700	118,860	117,735
Highest paid Director	135,087	253,907	125,700	118,860	117,735

The number of Directors whose emoluments excluding allowances were within the following ranges were:

	2019 Number	2018 Number	2017 Number	2016 Number	2015 Number
₦5,000,001 - ₦10,000,000	-	-	-	-	-
Above ₦10,000,000	1	3	3	3	3
	1	3	3	3	3
Highest paid Director	18,000	18,000	18,000	18,000	18,000

27 Cash flows from Operating activities

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Net profit before taxation	933,178	1,152,737	871,050	208,478	993,457
Adjustment for:					
Depreciation of property, plant and equipment (Note 13)	2,502,466	1,785,954	1,247,625	1,030,429	1,118,743
Amortisation of intangible assets (Note 14)	697	-	2,755	3,754	3,724
Impairment of charges on investment in associate (Note 8.2)	-	-	2,600	-	-
Depreciation of right-of-use assets (Note 24)	57,624				
Credit loss expenses	(661,395)	31,939	-	-	-
(Profit) / loss on disposal of PPE (Note 9)	(102,160)	(148,738)	(10,059)	(1,100)	2,521
Government grants	(28,205)	-	-	-	-
Interest paid (Note 10.2)	1,276,223	397,154	384,485	594,221	714,199
Interest on lease liability (Note 24)	24,038	-	-	-	-
Interest income (Note 10.1)	(46,484)	(285,087)	(225,302)	(568)	(6,496)
	3,955,982	2,933,959	2,273,154	1,835,214	2,826,148
(Increase) / Decrease in inventories	(114,013)	310,462	(469,046)	(17,985)	37,983
Decrease / (Increase) in trade and other receivables and contract assets	8,433,189	1,840,197	(11,906,350)	(236,845)	(234,992)
Decrease / (Increase) in prepayments	90,851	(79,295)	(22,020)	(6,075)	3,045
(Decrease) / Increase in trade and other payables and contract liabilities	(16,175,657)	(4,987,291)	23,122,934	746,094	(494,977)
	(7,765,630)	(2,915,927)	10,725,518	485,189	(688,941)
Cash flows from operating activities	(3,809,649)	18,031	12,998,672	2,320,403	2,137,207
Income tax paid	(21,001)	(35,000)	(280,084)	(38,986)	(6,999)
Net cash flows from operating activities	**(3,830,650)**	**(16,969)**	**12,718,587**	**2,281,417**	**2,130,208**

28 Defined contribution plan

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for its permanent staff. Defined contribution plan to employees of the Company are funded by contributions from the Company and employees of 10% and 8% respectively of the monthly emolument (basic salary, housing allowance and transport allowance), in line with the requirement of the Pension Reform Act 2014. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees, the benefits relating to employee service in the current and prior period. The total expense recognised in the profit or loss of ₦89.1 million (2018: ₦66.9 million) represents contributions payable to these plans by the Company at rates specified in the rules of the plans.

29 Information relating to employees

29.1 Personnel expenses for the year comprise of the followings:

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Salaries, wages and allowances	925,144	898,146	545,801	502,317	435,681
Contribution to defined contribution plan	89,129	66,940	35,925	34,449	32,265
	1,014,273	965,086	581,726	536,766	467,946
Directors salary	63,297	49,500	-	-	-
	1,077,570	**1,014,586**	**581,726**	**536,766**	**467,946**

29.2 The following represents the number of employees whose emoluments excludes allowances and within the following ranges:

₦	2019 Number	2018 Number	2017 Number	2016 Number	2015 Number
0 - 200,000	19	15	2	25	31
200,001 -300,000	737	774	640	643	620
300,001 - 400,000	35	39	28	21	11
400,001 - 500,000	21	14	16	5	9
500,001 -1,000,000	44	43	106	69	36
Above 1,000,000	163	143	104	101	91
	1019	**1028**	**896**	**864**	**798**

29.3 The average number of full-time persons employed per function excluding Directors by the Company during the year was as follows:

	2019 Number	2018 Number	2017 Number	2016 Number	2015 Number
Operations	846	841	740	727	672
Finance and administration	173	187	156	137	126
	1019	**1028**	**896**	**864**	**798**

30 Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of directors monitor the return on capital employed.

The Company's Management is committed to enhancing shareholder's value in the long term, both by investing in the businesses and brands, so as to improve the return on investment and by managing the capital structure. The Company manages its capital structure to achieve capital efficiency, maximise flexibility and give the appropriate level of access to debt markets at attractive cost levels.

The Company regularly assesses its debts and equity capital levels against its stated policy for capital structure. The Company's management monitors the return on capital, which the Company defines as the result from operating activities divided by total shareholder's equity. The Company's overall strategy remains unchanged during the year.

The Company's debt to adjusted capital ratio at the reporting date was as follows:

	2019 ₦'000	2018 ₦'000	2017 ₦'000	2016 ₦'000	2015 ₦'000
Total liabilities*	18,243,394	29,133,572	13,242,587	7,765,010	8,248,447
Less: cash and short-term deposits	(5,823,184)	(6,165,633)	(9,586,494)	(414,847)	(247,669)
Net debts	**12,420,210**	**22,967,939**	**3,656,093**	**7,350,163**	**8,000,778**
Total capital	2,000,455	1,782,512	2,180,741	1,804,464	1,687,579
Capital and net debt	14,420,665	24,750,451	5,836,834	9,154,627	9,688,357
Debt to adjusted capital ratio	**86%**	**93%**	**63%**	**80%**	**83%**

* Total liability exclude deferred tax liability, Government grant and income tax payables.

31 Fair value measurement of financial instruments

The following table provides the fair value measurement hierarchy of the Company's liabilities.

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		₦'000	₦'000	₦'000	₦'000
31 December 2019					
Liabilities for which fair values are disclosed					
Interest bearing loans and borrowings	31 December 2019	10,856,404	-	10,856,404	-
Trade and other financial liabilities	31 December 2019	1,581,800	-	1,581,800	-
31 December 2018					
Liabilities for which fair values are disclosed					
Interest bearing loans and borrowings	31 December 2018	5,640,924	-	4,640,900	-
Trade and other financial liabilities	31 December 2018	5,869,038	-	5,869,038	-
31 December 2017					
Liabilities for which fair values are disclosed					
Interest bearing loans and borrowings	31 December 2017	1,070,625	-	820,500	-
Trade and other financial liabilities	31 December 2017	4,298,059	-	4,298,059	-
31 December 2016					
Liabilities for which fair values are disclosed					
Interest bearing loans and borrowings	31 December 2016	1,522,298	-	1,522,298	-
Trade and other payables	31 December 2016	5,357,005	-	5,357,005	-
31 December 2015					
Liabilities for which fair values are disclosed					
Interest bearing loans and borrowings	31 December 2015	2,936,162	-	2,936,162	-
Trade and other payables	31 December 2015	4,610,912	-	4,610,912	-

The Management assessed that cash and short-term deposits, trade receivables and other current assets and liabilities approximates their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than on a forced or liquidation sale.

32 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 Company have been taken into consideration in the preparation of the financial statements (2018: Nil).

33 Capital commitments

There were no capital commitments as at 31 December 2019 (2018: Nil).

34 Contingent liabilities

There were no contingent liabilities as at 31 December 2019 (2018: Nil).

35 Events after the reporting date

There is no event or transaction that has occurred since the reporting date, which would have a material effect upon the audited financial statements at that date or which would need to be mentioned in the audited financial statements in order to make them not misleading.

1. AUTHORISATION OF THE PROGRAMME

By a written resolution dated 24 February 2020, the Shareholders of TSL SPV Plc approved the establishment of a ₦50,000,000,000 (Fifty Billion Naira) Debt Securities Programme, and the issuance of Bonds thereunder.

2. INCORPORATION AND SHARE CAPITAL HISTORY OF THE ISSUER

TSL SPV PLC was incorporated on 14 February 2020. The registered address of the Company is at 16 Billings Way, Oregun, Ikeja, Lagos State. The Company currently has an authorised share capital of ₦1,000,000.00 comprising 1,000,000 ordinary shares of ₦1 each, while its issued and paid-up share capital is ₦1,000,000.00 comprising 1,000,000 ordinary shares of ₦1.00 each.

3. SHARE CAPITAL AND SHAREHOLDING STRUCTURE OF THE CO-OBLIGOR

The authorised and issued share capital of the Co-Obligor (evidenced by a Statement of Share Capital Form CAC2 dated 8 September 2017 and the Memorandum of Association dated 6 February 2009 and filed at incorporation) is ₦20,000,000 divided into 20,000,000 ordinary shares of ₦1 each.

The shareholding structure (evidenced by a Statement of Share Capital Form CAC2 and the Memorandum of Association referenced above) is:

Shareholder	Ordinary Shares held	%
CAIL TS Limited[4]	19,200,000	96
Mr. Adefolu Majekodunmi	800,000	4
	20,000,000	100

4. DIRECTORS' BENEFICIAL INTERESTS

The interests of the Directors in the issued share capital of the Co-Obligor as recorded in the register of directors' interests or as notified by them for the purpose of section 275(1) of CAMA as at 31 December 2019 are as follows:

Director	*Direct Shareholding*	*Indirect Shareholding*	*%*
Olanrewaju Wright	Nil	8,640,000.00	45
Olawale Fatoki	Nil	8,640,000.00	45

5. INDEBTEDNESS OF THE ISSUER AND CO-OBLIGOR

As at 31 March 2020, the Issuer has no indebtedness while the Co-Obligor is indebted to the sum of ₦10.86 billion as at 31 December 2019.

6. SUBSIDIARIES, ASSOCIATED COMPANIES AND INVESTMENTS

As at the date of this Shelf Prospectus, the associated companies of the Issuer are:

i) Transport Services Limited
ii) TSL Urban Transit Limited
iii) TSL Estate Limited

7. CLAIMS AND LITIGATION

In the ordinary course of its business, the Issuer is not and has not been since its incorporation engaged in any litigation or arbitration proceedings which may have or have had during such period a significant effect on its respective financial position and, as far as the Issuer is aware, no such litigation or arbitration proceedings are pending or threatened.

[4] *The directors of Transport Services Limited are the shareholders in CAIL TS Limited*

In the ordinary course of its business, the Co-Obligor is currently involved in seven (7) lawsuits all of which were instituted by the Co-Obligor.

The total amount claimed in the lawsuits instituted by the Co-Obligor is approximately ₦ 45,005,830.00 (Forty-Five Million, and Five Thousand, Eight Hundred and Thirty Naira).

Except as stated above, the Solicitors to the Transaction are not aware of any other pending or threatened claims which are material to the Programme. The Solicitors to the Transaction are also of the opinion that none of the cases referred to above is likely to have any material adverse effect on the Co-Obligor or the Programme.

The directors of the Co-Obligor have indicated that they are not aware of any other pending and or threatened claims or litigation except for those referred to above and that in their opinion, none of the cases is likely to have any material adverse effect on the Co-Obligor or the Programme.

8. OFF BALANCE SHEET ITEMS

As at 31 December 2019, the Co-Obligor had no off-balance sheet items other than in the ordinary course of business.

9. COSTS AND EXPENSES

Costs and expenses in respect of any issuance of Bonds under this Programme shall be payable by the Issuer and shall be disclosed in the Applicable Pricing Supplement relating to the Bonds being issued.

10. MATERIAL CONTRACTS

The following agreements have been entered into and are considered material to this Programme:

10.1. A Programme Trust Deed dated 6 October 2020 between TSL SPV PLC, Transport Services Limited and FBNQuest Trustees Limited in respect of the Bond Issuance Programme

10.2. Contracts relating to Financial Indebtedness

BANK	DETAILS OF FACILITY / INDEBTEDNESS
Access Bank Plc. Offer of Facility Letter dated 22nd August 2017	₦3, 612, 556, 545.00 (Three Billion, Six Hundred and Twelve Million, Five Hundred and Fifty-Six Thousand, Five Hundred and Forty-Five Naira). This facility is secured by a Deed of Fixed Debenture over Transport Service Limited's designated assets as set out in the schedule to the Debenture.
Ecobank Plc Facility Letter dated 7th August 2019	• Working Capital Overdraft not exceeding ₦50, 000, 000.00 (Fifty Million Naira) • Short Term Loan not exceeding ₦304, 367, 000.00 (Three Hundred and Four Million, Three Hundred and Sixty-Seven Thousand Naira). • Bank Guarantee not exceeding ₦2, 000, 000, 000.00 (Two Billion Naira). Amount drawn down so far is ₦1, 266, 000, 000.00 • Project Finance Term Loan not exceeding ₦40, 593, 635.44 (Forty Million, Five Hundred and Ninety-Three Thousand, Six Hundred and Thirty-Five Naira, Forty-Four kobo) • Short Term Loan not exceeding ₦300, 000, 000.00 (Three Hundred Million Naira). This facility has yet to be drawn down.

	• Term Loan not exceeding ₦5, 515, 000, 000.00 (Five Billion, Five Hundred and Fifteen Million Naira). The above facilities are secured by a Deed of Debenture in favour of Ecobank Plc, over Transport Services Limited's fixed and floating assets which were financed by Ecobank Plc
FBN Quest's Offer letter dated 29th March 2018	Asset Based Finance Facility of ₦1, 396, 844, 940.52 (One Billion, Three Hundred and Ninety-Six Million, Eight Hundred and Forty-Four Thousand, Nine Hundred and Forty Naira, Fifty Two kobo).
Growth and Development Asset Management Limited's ("GDL") Letter dated 30th July 2018)	Asset Backed Commercial Paper of ₦280, 000, 000.00 (Two Hundred and Eighty Million Naira)

Other material contracts in respect of any issuance of Bonds under the Programme will be disclosed in the Applicable Pricing Supplement issued in respect of that Series of Bonds.

Other material contracts in respect of any issuance of Bonds under the Programme will be disclosed in the Applicable Pricing Supplement issued in respect of that Series of Bonds.

11. EXTRACTS FROM THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The following are the relevant extracts from the Issuer's Memorandum and Articles of Association:

MEMORANDUM OF ASSOCIATION

3. The objects for which the Company is established are:

   A. To borrow or raise money through the issuance of debt securities solely in connection with its debt issuance programme in such manner as the company shall think fit,
   B. To lend, advance or pass-through the proceeds of all debt securities issued under its debt issuance programme exclusively to its co-obligors upon such terms and conditions as the company may deem fit, and to take security over such monies provided by the company, with or without recourse, and/or take security in such other manner as the company may deem fit to secure repayment of monies advanced, lent or passed-through;
   C. To secure the repayment of any monies borrowed, raised or owing by the company by mortgage, charge or lien upon all or part of the company's property or assets (whether present or future including its uncalled capital) and obtain guarantees from third parties for the performance by the company of any obligations or liability it may undertake;
   D. To invest in such securities of companies or bodies, whether such body be governmental or otherwise, according to such authorised investment criteria approved by its board of directors

ARTICLES OF ASSOCIATION

10. BORROWING POWERS

Subject to paragraph 1a of the Memorandum of Association, the board of directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property or any part of the same and to issue bonds and other securities whether outright or as security for any debt, liability or obligation of the Company or of any of its co-obligors.

12. EXTRACTS FROM THE PROGRAMME TRUST DEED

The following are extracts from the Programme Trust Deed:

2. **APPOINTMENT OF BOND TRUSTEE**

2.1 The Issuer hereby creates and establishes a trust for the benefit of the Bondholders.

2.2 Subject to the terms and conditions of this Deed, the Issuer hereby appoints the Bond Trustee to act on behalf of the Bondholders, to hold the benefit of the covenants and other obligations of the Issuer on behalf of the Bondholders and itself. Any sums received by the Bond Trustee from the Issuer shall be received on trust in accordance with the provisions of this Deed.

2.3 By execution of this Deed, the Bond Trustee has accepted and agreed to enforce the powers and perform the duties and obligations of the Bond Trustee specifically set out in this Deed and generally provided for in the Trustees Investment Act.

2.4 The Bond Trustee shall have no duty, responsibility or obligation for the issuance of the Bonds or for the validity or exactness of the same, or of any documents relating to such issuance.

3. **DECLARATION AND DURATION OF TRUST**

3.1 The Bond Trustee hereby declares itself trustee for the Bondholders with effect from the date of this Deed to hold the benefit of the Issuer's covenants and other obligations in this Deed in trust for the Bondholders according to their respective interests and subject to the terms of this Deed.

3.2 The trust shall remain in full force and effect until the date all Bonds issued pursuant to the Programme are redeemed and the:

i. Bond Trustee receives an unconditional confirmation in writing from the Registrar that there is no principal amount or Coupon outstanding in respect of the Bonds; and or

ii. the Issuer receives an unconditional release in writing from the Bond Trustee from all of its obligations under this Deed.

4. **PROGRAMME TRUST DEED BINDING ON ALL PARTIES**

4.1 The provisions of this Deed or any supplemental deed created pursuant to this Deed shall be binding on the Issuer, the Co-Obligor, the Bond Trustee and the Bondholders and all persons claiming through them respectively as if such Bondholders and persons are parties to this Deed.

4.2 Subject to the provisions of this Deed and Section 176 (2) of CAMA, a Bondholder or a person claiming through a Bondholder shall have no right to sue the Issuer or the Bond Trustee (either jointly or severally) for the enforcement of any benefit conferred on a Bondholder by virtue of this Deed or any Series Trust Deed.

13. DECLARATIONS

Except as otherwise disclosed in this Shelf Prospectus:

a) No share of the Issuer or Co-Obligor is under option or agreed conditionally or unconditionally to be put under option;

b) No commissions, brokerages or other special terms have been granted by the Issuer or Co-Obligor to any person in connection with the Programme or sale of any securities of the Issuer;

c) Save as disclosed herein, the directors of the Issuer or Co-Obligor have not been informed of any holding representing 5% or more of the issued share capital of the Issuer or Co-Obligor;

d) There are no founders', management or deferred shares or any options outstanding in the Issuer or Co-Obligor;

e) There are no material service agreements between the Issuer or Co-Obligor or any of its directors and employees other than in the ordinary course of business;

f) There are no long-term service agreements between the Issuer or Co-Obligor or any of its directors and employees other than in the ordinary course of business;

g) No director of the Issuer or Co-Obligor has had any interest, direct or indirect, in any property purchased or proposed to be purchased by the Issuer or Co-Obligor in the five (5) years prior to the date of this Shelf Prospectus;

h) No prosecution has commenced against the Issuer or Co-Obligor or any of its subsidiaries in respect of any breach of any securities or banking laws or Companies and Allied Matters Act, Cap C20, LFN, 2004; and

i) No action has been taken against the Issuer or Co-Obligor by the NSE, FMDQ or any other recognised Exchange in respect of any breach of the listing requirements of The Exchange.

It is further declared that to the best of the Directors' knowledge as at 6 October 2020

a) None of the Directors/shareholders/key management staff is under any bankruptcy or insolvency proceedings in any court of law;

b) None of the Directors/shareholders/key management staff has been convicted in any criminal proceeding;

c) None of the Directors/shareholders/key management staff is the subject of any order, judgment or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty.

14. CONFIRMATION OF GOING CONCERN STATUS

The Directors affirm that the Co-Obligor is a going concern and has no pending insolvency proceedings instituted against it. The Directors also confirm that the Co-Obligor will continue in operations for the foreseeable future and that there are no threats to the operations of the Co-Obligor.

15. RELATIONSHIP BETWEEN THE ISSUER, ISSUING HOUSES AND OTHER ADVISERS

There are no relationships (other than the professional ones established pursuant to this Programme) existing between the Issuer and any of its advisers.

16. OVERVIEW OF CORPORATE GOVERNANCE

Transport Services Limited's corporate governance structure provides a framework that aims to:

a) Enhance accountability to shareholders and other stakeholders;
b) Ensure timely and accurate disclosures of all material matters;
c) Deal fairly with shareholders' and other stakeholders' interests;
d) Maintain high standards of business ethics and integrity; and
e) Ensure risks are managed prudently, while pursuing business objectives.

The board of directors is responsible for providing leadership to deliver long-term value to shareholders and other stakeholders. It also guides and supervises the executive leadership team to act in the interest of the public as well as its shareholders, in case of conflict, the former shall prevail. The board establishes corporate policies, sets strategic direction, ensures that an effective internal control environment is in place, and oversees the management which is responsible for day-to-day operations. The board recognises that delegating its functions and authorities to any committee and the management does not absolve its overall responsibility for governance.

The managing director, supported by the management team (known as the Executive Leadership Team), facilitates the business and operational duties of Transport Services Limited. The managing director is responsible for supervising and coordinating all key business and operational activities in relation to the implementation of the company's overall strategy. The Executive Leadership Team is made up of the senior executives of the company who have the delegated authority from the board to perform day-to-day management functions of the business and to implement all projects and initiatives as approved by the board. The team meet at least once a month and may attend board meetings by invitation, where they present a report and provide input and perspective on their areas of responsibility.

The board, managing director and Executive Leadership Team are further supported by the company secretary and external auditors. The company secretary facilitates the board process as well as communications between board members, shareholders and management, and advises the board on all governance matters. The external auditors provide assurance on financial reporting and ensure accountability and audit quality.

Transport Services Limited holds regular general meetings of its shareholders and is also mindful of adhering to its governance framework in its interactions with other stakeholders in the company's daily operations including clients, employees, regulatory bodies, suppliers and vendors.

17. RELATED PARTY TRANSACTIONS

The transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables.

PARENT AND ULTIMATE CONTROLLING PARTY

The major shareholder of the Co-Obligor is CAIL TS Limited with a 96% shareholding.

OTHER RELATED PARTIES

a. TSL Logistics Limited: Transport Services Limited outsourced the management and operation of aircraft refueller trucks at both Ikeja and Abuja Aviation to TSL Logistics Limited.

b. TSL Estates Limited: TSL Estates Limited is one of Lafarge Wapco Cement Distributors. The entity supplies cement for the construction of Transport Services site.

c. Flightline Support West Africa Limited: Flightline supplies Transport Services personal protective equipment (PPE), that is, safety accessories that are being used by Transport Services Limited's staff.

Additional information on related party transactions can be found in the audited financial statements.

18. MERGERS AND TAKEOVERS

As at the date of this Shelf Prospectus, the Directors are not aware of the following during the preceding financial year or current financial year:

a. a merger or takeover offer by third parties in respect of the Co-Obligor's securities; and
b. a merger or takeover by the Co-Obligor in respect of another company's securities.

19. CONSENTS

The following have given and not withdrawn their written consents to the issue of this Shelf Prospectus with their names and reports (where applicable) included in the form and context in which they appear:

Directors of the Issuer:	Olanrewaju Ayodeji Wright Olawale Adedayo Fatoki
Company Secretary of the Issuer:	Yetunde Niyilola Adewale
Directors of the Co-Obligor:	Olanrewaju Wright Olawale Fatoki
Company Secretary of the Co-Obligor:	Yetunde Adewale
Lead Issuing House:	Stanbic IBTC Capital Limited
Joint issuing Houses:	ARM Securities Limited
Solicitors to the Co-Obligor:	Koya & Kuti Solicitors
Solicitors to the Programme:	The New Practice
Bond Trustee:	FBNQuest Trustees Limited
Reporting Accountants:	Deloitte & Touche
Auditor:	Ernst & Young
Receiving Bank:	Access Bank Plc
Rating Agency:	Agusto & Co Limited

20. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Issuing Houses offices between 8.00 a.m. and 5.00p.m. on any Business Day throughout the validity of the Programme:

a. Certificate of Incorporation of the Issuer, duly certified by the CAC;
b. Memorandum and Articles of Association of the Issuer, duly certified by the CAC;
c. Reporting Accountants' Report on the audited accounts of the Co-Obligor for the years ended 31 December 2019, 2018, 2017, 2016 and 2015;
d. The Programme Trust Deed dated 6 October 2020 between Transport Services Limited, TSL SPV PLC and FBNQuest Trustees Limited
e. Board Resolution of the Issuer dated 24 February 2020 authorising the Bond Issuance Programme;
f. Board Resolution of the Co-Obligor dated 30 January 2020 authorising the Bond Issuance Programme;
g. Letter from the SEC dated on or before 6 October 2020 approving the registration of the Shelf Prospectus;
h. The schedule of the Claims and Litigation referred to above and the Solicitors' opinion thereon;
i. The solicitor's opinion on claims and litigations;
j. Audited Financial Statement of the Co-Obligor for the years ended December 2019, 2018 and 2017;
k. Shelf Prospectus issued with respect to the Bond Issuance Programme; and
l. Written Consents of the Directors and Professional Parties to the Issue.

TNP

20th April 2020

Stanbic IBTC Capital Limited
Building A
I.B.T.C Place
Walter Carrington Crescent
Victoria Island
Lagos.

Attention: The Chief Executive

Dear Sir,

OPINION OF SOLICITORS TO THE SERIES 1 GUARANTEED BONDS OF ₦12, 000, 000, 000.00 (TWELVE BILLION NAIRA) ("SERIES 1 BONDS") UNDER THE ₦50, 000, 000,000 (FIFTY BILLION NAIRA) BOND PROGRAMME ("PROGRAMME"), CONFIRMING THE DIRECTORS' OPINION ON THE EFFECT OF ALL PENDING OR CONTEMPLATED CLAIMS BY OR AGAINST TRANSPORT SERVICES LIMITED

We confirm Transport Services Limited (TSL) is currently involved in seven (7) lawsuits, all of which were instituted by it in the ordinary course of its business. The total amount claimed in the lawsuits is approximately ₦45, 005, 830.00 (Forty Five Million, Five Thousand, Eight Hundred and Thirty Naira) only, and we have enclosed with this letter, a schedule of the said matters as at 19th February 2020.

Except as stated above, we are not aware of any other pending or threatened claims involving TSL which are material to the Programme, or the issuance of the proposed Series 1 Bonds. Having considered the information provided by the solicitors representing TSL in the various claims, we are of the opinion that none of the cases referred to above is likely to have any material adverse effect on TSL, the Programme or the proposed Series 1 Bonds.

The directors of TSL have indicated that they are not aware of any other pending and or threatened claims or litigation except for those referred to above and that in their opinion, none of the cases is likely to have any material adverse effect on TSL, the Programme or the proposed Series 1 Bonds.

Yours sincerely,

Zainab Babalola

Transport Services Ltd

RC 427279

THE FEDERAL REPUBLIC OF NIGERIA
COMPANIES AND ALLIED MATTERS ACT CAP C20 LFN 2004
PRIVATE COMPANY LIMITED BY SHARES

WRITTEN RESOLUTION OF THE DIRECTORS OF
TRANSPORT SERVICES LIMITED
PASSED ON 30TH JANUARY 2020
IN ACCORDANCE WITH THE PROVISIONS OF SECTION 263 (8) CAMA

WE the undersigned, all being the members of the Board of Directors of TRANSPORT SERVICES LIMITED (the Company), who at the date hereof are entitled to attend and vote at the Board Meeting of the Company, signify our assent to the passing of the resolution set out below and agree that for all purposes, the said resolution shall be valid and effectual as if same had been passed by all the Directors at a Board Meeting of the Company duly convened and held, do hereby resolve as follows:

1. *That the Company is hereby authorized to incorporate a special purpose vehicle to be known as TSL SPV Plc ("SPV"), for the purpose of establishing a ₦50, 000, 000, 000.00 (Fifty Billion Naira) debt issuance programme;*

2. *That the Company is authorised to subscribe for 999,000 (Nine Hundred and Ninety-Nine Thousand) ordinary shares of ₦1.00 (One Naira) each in the SPV, and that Yetunde Adesole be further appointed as a nominee of the Company to subscribe for 1,000 (One Thousand) ordinary shares of ₦1.00 (One Naira) each in the SPV;*

3. *That the Directors and Management of the Company be and are hereby authorised to do all acts and take all necessary steps and to give effect to the above resolutions.*

DATED THE 30th DAY OF JANUARY 2020

Olanrewaju Wright
(DIRECTOR)

Olawale Fatoki
(DIRECTOR)

TSL SPV PLC

RC No: 1659158

THE FEDERAL REPUBLIC OF NIGERIA
COMPANIES AND ALLIED MATTERS ACT CAP C20 LFN 2004
PUBLIC COMPANY LIMITED BY SHARES

WRITTEN RESOLUTION OF THE DIRECTORS OF
TSL SPV PLC
PASSED ON 24TH FEBRUARY 2020
IN ACCORDANCE WITH THE PROVISIONS OF SECTION 263 (8) CAMA

WE the undersigned, all being the members of the Board of Directors of TSL SPV PLC (the "Company"), who at the date hereof are entitled to attend and vote at the Board Meeting of the Company, signify our assent to the passing of the resolution set out below and agree that for all purposes, the said resolution shall be valid and effectual as if same had been passed by all the Directors at a Board Meeting of the Company duly convened and held, do hereby resolve as follows:

1. That the Company is hereby authorised to establish a Bond Issuance Programme in an aggregate amount not exceeding ₦50, 000, 000, 000.00 (Fifty Billion Naira) (the "Programme") for the purpose of issuing debt securities by way of a public offering, book building process or any other method(s), in such tranches, series or proportions, and on such terms and conditions as may be determined by the Directors, subject to obtaining all relevant regulatory approvals.

2. That pursuant to the establishment of the Programme, the Company be and is hereby authorised to issue the first series of the bonds under the same in an aggregate amount not exceeding ₦12, 000, 000, 000.00 (Twelve Billion Naira), on such terms and conditions as may be determined by the Directors, subject to obtaining all relevant regulatory approvals.

3. That any two (2) Directors or a Director and Secretary of the Company be and are hereby authorised to do all acts and things to consent to, approve, sign and or execute all documents, appoint such professional parties and advisers, perform all such acts and do all such other things as may be necessary to give effect to the above resolutions, including without limitation, complying with the directives of any regulatory authority.

4. That all acts already carried out by the Directors and Management of the Company in connection with the above, be and are hereby ratified.

DATED THE 24TH DAY OF FEBRUARY 2020

....	....
OLANREWAJU WRIGHT	**OLAWALE FATOKI**
(DIRECTOR)	**(DIRECTOR)**

, Otegun Industrial Estate, Oregun, Ikeja, Lagos, Nigeria
0813, 080 5749 3906, 080 5729 9755
.com

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

[illegible]

01 April, 2020

The Managing Director
Transport Services Limited
16 Billings Way
Oregun, Ikeja
Lagos

Dear Sir

Transport Services Limited Confirmation of Going Concern

We have audited the consolidated and separate financial statements of Transport Services Limited (the "Company") and its subsidiaries for the year ended, 31 December 2019.

These financial statements, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, were prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Allied and Matters Act CAP C20, Laws of the Federation of Nigeria, , and requirements of Financial Reporting Council Act No. 6, 2011

Based on the audit of the consolidated and separate financial statements for the year ended 31 December 2019 and a representation received from the Directors of Transport Services Limited, nothing has come to our notice that makes us believe that the Company will not continue as a going concern in the next twelve months from the date of the consolidated and separate financial statements.

Yours faithfully,

Omolola Alebiosu
FRC/2012/ICAN/00000000145

For: Ernst & Young

Lagos, Nigeria.

Set out below is the form of Pricing Supplement which will be prepared by the Issuer for each Series issued under the Programme

TSL SPV PLC (RC 1659158)

OFFER FOR SUBSCRIPTION [(BY WAY OF BOOK BUILDING)]
OF ₦[·]
[·] YEAR [·] % SERIES [·] SENIOR GUARANTEED FIXED RATE BONDS DUE [·]
UNDER THE ₦50,000,000,000 TSL SPV PLC BOND ISSUANCE PROGRAMME

BOOKBUILDING OPENS: [·] BOOKBUILDING CLOSES: [·]

This Pricing Supplement is prepared for the purpose of Rule 279(3) (6) & (7) of the Rules and Regulation of the Securities and Exchange Commission (the "Commission" or "SEC") in connection with the ₦50,000,000,000.00 Bond Issuance Programme established by TSL SPV PLC (the "Issuer"). This Pricing Supplement is supplemental to, and should be read in conjunction with, the Shelf Prospectus dated [·] and any other supplements to the Shelf Prospectus to be issued by the Issuer. Terms defined in the Shelf Prospectus have the same meaning when used in this Pricing Supplement.

To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Shelf Prospectus, the provisions of this Pricing Supplement shall prevail.

This Pricing Supplement may be used to offer and sell the Bonds only if accompanied by the Shelf Prospectus as amended and / or supplemented from time to time. Offer is valid for High Net-worth Individuals and Qualified Institutional Investors. **Risks related to this offer can be found on page [·] of the Shelf Prospectus**. This Pricing Supplement has been delivered to the Commission to be registered and made available for download on the respective websites of the Commission (http://sec.gov.ng) and the Co-Obligor (http://tsllimited.com/), throughout its validity period. Copies of this Pricing Supplement may also be obtained free of charge from the offices of the Issuer and the Issuing Houses.

The registration of the Shelf Prospectus and this Pricing Supplement shall not be taken to indicate that the Commission endorses or recommends the securities or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the Shelf Prospectus or this Pricing Supplement. No securities will be allotted or issued on the basis of the Shelf Prospectus read together with this Pricing Supplement later than three years after the date of the issue of the Shelf Prospectus.

This Pricing Supplement contains particulars in compliance with the requirements of the Commission for the purpose of giving information with regard to the Securities being issued hereunder (the "Series [·] Bonds" or "Bonds"). The Bonds now being issued will upon admission to an exchange qualify as a security in which Trustees may invest under the Trustee Investments Act (Cap T22) Laws of the Federation of Nigeria, 2004. The Bonds also qualify as a security under Section 20(1)(g) of the Personal Income Tax Act, Cap P8, LFN, 2004 as well as Section (19)(2) of the Companies Income Tax Act, Cap C21, LFN, 2004.

The Directors of the Issuer collectively and individually accept full responsibility for the accuracy of the information contained in this Pricing Supplement. The Issuer declares that having taken reasonable care to ensure that such is the case, the information contained in this Pricing Supplement is, to the best of its knowledge (having made all reasonable enquiry), in accordance with the facts and does not omit anything likely to affect the import of such information and that save as disclosed herein, no other significant new factor, material mistake or inaccuracy relating to the information included in the Shelf Prospectus has arisen or has been noted, as the case may be, since the publication of the Shelf Prospectus. Furthermore, the material facts contained herein are true and accurate in all material respects and the Issuer confirms that, having made all reasonable enquiries, to the best of its knowledge and belief, there are no material facts, the omission of which would make any statement contained herein misleading or untrue.

This Pricing Supplement is dated [·]

Final terms of the Series [●] Bonds

1.	Issuer:	TSL SPV PLC
2.	Co-Obligor	Transport Services Limited
3.	Description of the Bond:	[●]
4.	Series Number:	[●]
5.	Specified Currency:	[●]
6.	Aggregate Nominal:	₦[●]
7.	Issue Price:	[●]
8.	Gross proceeds:	₦[●]
9.	Net proceeds:	₦[●]
10.	Denominations:	[●]
11.	Minimum Acceptable Subscription:	[●]
12.	Issue Date:	[●]
13.	Coupon Commencement Date:	[Coupon shall accrue from the allotment date]
14.	Tenor:	[●]
15.	Maturity Date:	[●]
16.	Principal Moratorium:	[●]
17.	Coupon Basis:	[●]
18.	Coupon Rate:	[●]% p.a
19.	Source of Repayment:	[●]
20.	Redemption/Payment Basis:	[●]
21.	Status:	[●]
22.	Guarantor:	[●]
23.	Guarantee:	[●]
24.	Listing(s):	[●]
25.	**Use of proceeds**	
	[Insert details of use of proceeds]	
26.	Offer Period:	[●] – [●]

Provisions relating to coupon (if any) payable

27. Fixed Rate Bond Provisions:

i.	Coupon Payment Date(s)/Payment Dates:	[●]
ii.	Coupon Amount(s):	[●]
iii.	Day Count Fraction:	[●]
iv.	Business Day Convention:	[Modified Following: Where a Coupon Payment Date falls on a non-Business Day, such payment shall be postponed to the next day which is a Business Day provided that if such a Business Day falls into the next calendar month, such Coupon Payment Date shall be brought forward to the immediately preceding Business Day]
v.	Business Day:	[Any day (other than a Saturday, Sunday or a Federal Government of Nigeria declared public holiday) on which commercial banks are open for general business in Lagos, Nigeria]
vi.	Other terms relating to method of calculating Coupon for Fixed Rate Bonds:	[●]

General provisions applicable to the Bonds

28.	Form of Bonds:	Dematerialised
	i) Form of Dematerialised Bonds:	[Registered / Certificate / Dematerialised]
	ii) Registrar:	[●]
29.	Trustee:	[●]
30.	Record Date:	[●]
31.	Other terms or special conditions:	[●]

Distribution, clearing and settlement provisions

32.	Issuing Houses:	[●]
33.	Method of Distribution:	[●]
34.	Underwriting:	[●]
35.	Clearing System:	Central Securities Clearing System PLC

36. Rating:	
i) Co-Obligor:	[●]
ii) Issue:	[●] An issue rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
37. Terms of Settlement	[●]

Provisions regarding redemption / Maturity

38. Redemption at the Option of the Issuer (Call Option):	[Applicable / Not Applicable]
If applicable:	
(i) Optional Redemption Date(s) (Call)	[[●] / Not Applicable]
(ii) Optional Redemption Amount(s) (Call) and method, if any, of calculation of such amount(s)	[[●] / Not Applicable]
(iii) Minimum period of notice (if different from Condition 7.2 of the Final Terms *(Early Redemption at the option of the Issuer (Call Option))*	[[●] / Not Applicable]
(iv) If redeemable in part:	[[●] / Not Applicable]
(A) Minimum Redemption Amount(s)	[●]
(B) Higher Redemption Amount(s)	[●]
(v) Other terms applicable on Redemption	[[●] / Not Applicable]

General

39. Total Bonds in Issue (excluding current issue):	[●]
40. Taxation:	See "Taxation" on page [●] of the Shelf Prospectus dated [●] 2020
41. Risk Factors:	See Risk Factors on page [●] – [●] of the Shelf Prospectus dated [●] 2020

42.	Governing Law:	The Bonds will be governed by and construed in accordance with the laws of the Federal Republic of Nigeria
43.	Board approval for issuance of Bonds obtained	[●]
44.	Selling restrictions:	Strictly to Qualified Institutional Investors and High Net worth Individuals as stipulated by Rule 321 of the SEC Rules and Regulations
45.	Details of Indebtedness:	As at [●], total indebtedness of the Issuer stood at ₦[●]
46.	Claims and Litigation:	[●]
47.	Other disclosures:	[Save as disclosed in the Prospectus, there has been no change to the material contracts of the Issuer. There have been no merger / take-over offers by third parties in respect of the Issuer's securities; or merger / take-over offers by the Issuer in respect of another company's securities Extracts of the resolution can be inspected at the offices of the Issuer and Issuing houses]

Material adverse change statement

Except as disclosed in this document and in the Shelf Prospectus dated [●] 2020, there has been no significant change in the financial or trading position of the Issuer since [●] 2020 and no material adverse change in the financial position or prospects of the Issuer since [●] 2020.