

**CENTRAL SECURITIES CLEARING SYSTEM PLC**

**Annual Report**

**31 December 2018**

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## Corporate Information

Board of Directors:	Mr. Oscar N. Onyema OON	- Chairman
	Mr. Haruna Jalo-Waziri	- Managing Director
	Mrs. Ifueko M. Omoigui Okauru MFR	- Independent Director
	Mr. Sola Adeeyo	- Independent Director
	Mr. Bayo Olugbemi	- Non-Executive Director
	Mr. Omokayode Mudathir Akintola Lawal*	- Non-Executive Director
	Mr. Emeka Madubuike	- Non-Executive Director
	Mr. Ariyo Olushekun	- Non-Executive Director
	Mr. Uche Ike	- Non-Executive Director
	Mr. Eric Idiahi	- Non-Executive Director
	Mr. Roosevelt Ogbonna	- Non-Executive Director
	Ms. Tinuade Awe **	- Non-Executive Director

\* Omokayode Mudathir Akintola Lawal resigned as a non-executive director on August 31, 2018

\*\* Ms. Tinuade Awe was appointed as a non-executive director on April 13, 2018

Registered Office: Central Securities Clearing System Plc  
1st Floor, The Nigerian Stock Exchange Building  
No. 2/4, Custom Street  
Marina, Lagos

Company's registration number: 201018

Company secretary: Charles I. Ojo

Independent auditor: KPMG Professional Services  
KPMG Tower  
Bishop Aboyade Cole Street  
Victoria Island  
PMB 40014, Falomo  
Lagos

Bankers: Guaranty Trust Bank Plc  
Zenith Bank Plc  
Fidelity Bank Plc  
United Bank for Africa Plc  
Stanbic IBTC Bank Plc  
Access Bank Plc  
First Bank of Nigeria Limited  
Sterling Bank Plc  
Union Bank of Nigeria Plc

Registrar: Africa Prudential Plc  
220B Ikorodu Road  
Palmgrove  
Lagos

Actuary: O & A Hedge Actuarial Consulting  
(Actuaries & Chartered Insurers)  
Suite 28, Motorways Centre, 1 Motorways Avenue  
Opposite 7up Bottling Plant  
Alausa Ikeja, Lagos - Nigeria  
FRC/2016/00000015764

## Directors' report

for the year ended 31 December 2018

The Directors present their report on the affairs of Central Securities Clearing System Plc ("the Company" or "CSCS") and its subsidiary ("the Group"), together with the annual financial statements and independent auditor's report for the year ended 31 December 2018.

### Legal form

The Company was incorporated in 29 July 1992 as a Private Limited Liability Company and effectively commenced business operations on 14 April 1997. The Company transmuted to a Public Company following the resolution of its shareholders at its Annual General Meeting of 16 May 2012.

### Principal activity and business review

The Central Securities Clearing System Plc is a Financial Market Infrastructure (FMI) Company that undertakes the business of depository, clearing and settling of securities traded in the Nigerian Capital Market. The Company was licensed by the Securities and Exchange Commission and operates a computerized depository, clearing, settlement and delivery system for transactions in shares listed/traded on the Nigerian Stock Exchange. CSCS also provides clearing and settlement services in regard to equities and other securities types including commercial papers traded on other recognized Exchange Platforms in the Nigerian Capital Market. The Company also acts as a depository for Federal Government of Nigeria (FGN) Bonds, Municipal and Corporate Debt instruments. The Company has one (1) subsidiary company namely: Insurance Repository Nigeria Limited. The Company also has an associate company called NG Clearing Limited.

### Operating results

Highlights of the Group and Company's operating results for the year are as follows:

<i>In thousands of Naira</i>	Group	Company	Group	Company
	31 December 2018	31 December 2018	31 December 2017	31 December 2017
Total operating income	9,082,085	9,082,085	8,691,558	8,691,558
Profit before tax	6,091,344	6,109,749	5,664,176	5,683,817
Income tax	(1,269,014)	(1,269,014)	(683,576)	(683,576)
<b>Profit for the year</b>	<b>4,822,330</b>	<b>4,840,735</b>	<b>4,980,600</b>	<b>5,000,241</b>
Other comprehensive income, net of tax	15,453	15,453	(162,106)	(162,105)
<b>Total comprehensive income</b>	<b>4,837,784</b>	<b>4,856,188</b>	<b>4,818,494</b>	<b>4,838,136</b>
Basic and diluted earnings per share (kobo)	96k	97k	100k	100k

### Ownership structure

The issued and fully paid-up share capital of the Company was 5,000,000,000 ordinary shares of N1 each as at 31 December 2018 (31 December 2017: 5,000,000,000 ordinary shares of N1 each). The shareholding structure as at the reporting date is as shown below:

Shareholders	31 December 2018		31 December 2017	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
The Nigerian Stock Exchange	1,362,108,950	27.24%	1,362,108,950	27.24%
Artemis Limited	1,000,641,902	20.01%	633,051,503	12.66%
Access Bank Plc	375,000,000	7.50%	375,000,000	7.50%
United Bank for Africa Plc	268,500,000	5.37%	375,000,000	7.50%
Ess-ay Investments Limited	251,452,248	5.03%	268,500,000	5.37%
ZPC/Leadway Insurance Prem .Coll. & Investment Account	250,000,000	5.00%	250,000,000	5.00%
Others with shareholdings less than 5%	1,492,296,900	29.85%	1,736,339,547	34.73%
	<b>5,000,000,000</b>	<b>100%</b>	<b>5,000,000,000</b>	<b>100%</b>

## Directors' report

for the year ended 31 December 2018

### Directors and their interests

The following directors of the Company held office during the year and represent the Company's shareholders. The directors which have direct and indirect interests in the issued share capital of the Company as recorded in the register of directors' shareholding are noted below:

Director	31 December 2018			31 December 2017		
	Direct	Indirect	Total	Direct	Indirect	Total
Mr. Oscar N. Onyema	500,000	-	500,000	500,000	-	500,000
Mr. Haruna Jalo-Waziri	-	-	-	200,000	-	200,000
Mr. Bayo Olugbemi	-	2,345,111	2,345,111	-	500,000	500,000
Mr. Emeka Madubuike	-	6,750,000	6,750,000	-	6,750,000	6,750,000
Mr. Ariyo Olushekun	1,800,000	1,540,000	3,340,000	-	1,540,000	1,540,000
Mr. Sola Adeeyo	-	-	-	-	-	-
Mrs. Ifueko M. Omoigui Okauru	-	-	-	-	-	-
Mr. Uche Ike	-	-	-	-	-	-
Mr. Eric Idiahi	-	1,000,641,902	1,000,641,902	-	633,051,503	633,051,503
Mr. Roosevelt Ogbonna	-	-	-	-	-	-
Ms. Tinuade Awe*	-	620,000	620,000	-	-	-

\* Ms. Tinuade Awe was appointed to the Board with effect from April 13, 2018

### Directors' interests in contracts

Mr. Sola Adeeyo is a director of AXA Mansard Health Limited, whose services are utilised by CSCS.

Except as disclosed above, no other director has notified the Company, for the purposes of Section 277 of the Companies and Allied Matters Act of Nigeria, of any interest in contracts during the year.

### Analysis of shareholding

The shareholding pattern of the Company as at 31 December 2018 was as stated below:

Share range	No of shareholders	Percentage of shareholders	No of holdings	Percentage holdings
1 - 1,000	330	33.2%	138,634	0.00%
1,001 - 5,000	104	10.5%	286,808	0.01%
5,001 - 10,000	55	5.5%	441,877	0.01%
10,001 - 50,000	194	19.6%	5,144,024	0.10%
50,001 - 100,000	57	5.7%	4,446,682	0.09%
100,001 - 500,000	89	9.0%	29,315,096	0.59%
500,001 - 1,000,000	33	3.3%	27,503,450	0.55%
Above 1,000,000	132	13.3%	4,932,723,429	98.66%
	<b>994</b>	<b>100%</b>	<b>5,000,000,000</b>	<b>100%</b>

The shareholding pattern of the Company as at 31 December 2017 was as stated below:

Share range	No of shareholders	Percentage of shareholders	No of holdings	Percentage holdings
1 - 1,000	207	25.3%	98,478	0.00%
1,001 - 5,000	77	9.4%	213,227	0.00%
5,001 - 10,000	54	6.6%	442,438	0.01%
10,001 - 50,000	176	21.6%	4,631,473	0.09%
50,001 - 100,000	47	5.8%	3,554,934	0.07%
100,001 - 500,000	90	11.0%	30,316,817	0.61%
500,001 - 1,000,000	34	4.2%	29,091,700	0.58%
Above 1,000,000	132	16.2%	4,931,650,933	98.64%
	<b>817</b>	<b>100%</b>	<b>5,000,000,000</b>	<b>100%</b>

## Directors' report

for the year ended 31 December 2018

### Substantial interest in shares

According to the register of members at 31 December 2018, no shareholder held more than 5% of the issued share capital of the Company except the following:

Shareholders	31 December 2018		31 December 2017	
	Number of shares held	% of shareholding	Number of shares held	% of shareholding
The Nigerian Stock Exchange	1,362,108,950	27.24%	1,362,108,950	27.24%
Artemis Limited	1,000,641,902	20.01%	633,051,503	12.66%
Access Bank Plc	375,000,000	7.50%	375,000,000	7.50%
Ecobank Plc	-	0.00%	375,000,000	7.50%
United Bank for Africa Plc	268,500,000	5.37%	268,500,000	5.36%
Ess-ay Investment Ltd	251,452,248	5.03%	250,000,000	5.00%
ZPC/Leadway Insurance Prem .Coll. &	250,000,000	5.0%	-	0.0%

### Donations and charitable gifts

The Company made contributions and donations to non-political organisations amounting to N31.032 million (31 December 2017: N18.193 million) during the year, as listed below:

Beneficiary	Purpose	Amount
<i>In thousands of Naira</i>		
Chartered Institute Of Stockbrokers	Donation of grant-in-aid to the Institute	10,000
Chartered Institute Of Stockbrokers	New President & Chairman of Council	1,250
Chartered Institute Of Stockbrokers	Sponsorship of Annual Conference	500
Nigerian Economic Summit Group	2018 NESG Sponsorship	3,000
Third Observers Limited	Guest Seat at Dividend Award	35
The Nigerian Stock Exchange	NSE/LSEG Capital Market Conference	1,500
Business Day	2018 Business Day Capital Market Forum	1,000
Nigeria Bar Association	Business Law Conference Sponsorship	1,000
The Nigerian Stock Exchange	Market Data Workshop	300
TCC Creative Counsel	2018 Pearl Award Sponsorship	200
Capital Market Correspondent of Nigeria	Annual Workshop Sponsorship	500
Lagos Motor	2018 Independence Dinner Sponsorship	5,000
Adekunle Primary School, Makoko	Teach for Change (Slum to School Initiative)	227
Fintech Associates Ltd	Support for Fintech Conference	320
Rotary International District	Sponsorship of 2018 Youth Leadership Awards	100
Apostle Hayford Alile	Funeral Support	500
Rescue The Scholars (RTS)	Sponsorship of Youth Rescue & Care Initiative	100
Association of Asset Custodians of Nigeria	2017 Annual Investors Conference	500
African Securities Exchange Association	2018 ASEA Conference Sponsorship	5,000
		<b>31,032</b>

- (i) The Company did not make donation to any political party during the year ended 31 December 2018 (31 December 2017: Nil).

### Human resources

#### (i) Employment, Employee training and Development

Employment at CSCS follows a very thorough process that focuses on merit. The Group ensures that the most qualified persons are recruited for appropriate levels regardless of their state of ethnicity, religion or physical condition. Training and development of staff is an uncompromised strategy of the Group towards ensuring that staff are properly skilled and re-skilled to undertake their respective assignments. The Group did not employ any disabled person during the year under review.

#### ii) Health, safety and welfare of employees

The Group takes the health, safety and welfare of its employees very seriously, with a strong conviction that a healthy workforce will always be highly productive and will deliver superior performances at all times. Consequently, top health care providers have been carefully selected under a managed care scheme to look after the health care needs of employees and their dependents.

### Property and Equipment

Information relating to changes in property and equipment is given in Note 15 to the financial statements. In the opinion of the Board of Directors, the market value of the Group's properties is not significantly different from the value shown in the Annual Report.

## Directors' report

for the year ended 31 December 2018

### Events after reporting date

There were no significant events after the reporting date that could affect the reported amount of assets and liabilities as of the reporting date.

### Dividends

During the period, the Board of Directors, pursuant to the powers vested in it by the provisions of section 379 of the Companies and Allied Matters Act (CAMA) of Nigeria, proposed a final dividend of 70 kobo per share (31 December 2017: 70 kobo per share) from the retained earnings account as at 31 December 2018, pending the approval of the shareholders at the 2018 Annual General Meeting.

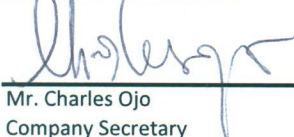
If the proposed dividend is approved by the shareholders, the Company will be liable to pay additional corporate tax estimated at N402.6 million, which represents the difference between the tax liability calculated at 30% of the dividend approved and the tax charge reported in the statement of profit or loss and other comprehensive income for the year ended 31 December 2018.

Payment of dividends is subject to withholding tax at a rate of 10%.

### Auditor

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Company. In accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria therefore, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

BY ORDER OF THE BOARD



Mr. Charles Ojo

Company Secretary

Central Securities Clearing System Plc

FRC/2014/NBA.00000006051

13 March 2019

## Audit Committee Report

### TO MEMBERS OF CENTRAL SECURITIES CLEARING SYSTEM PLC

In line with the provisions of Section 359(6) of the Companies and Allied Matters Act CAP 20 Laws of the Federation of Nigeria 2004, we the Audit Committee hereby state as follows:

- That we have reviewed the audit plan and scope, and the Management letter on the audit of accounts of the Company.
- That the audit plan and scope for the year ended 31 December 2018 are adequate in our opinion.
- That the accounting and reporting policies of the Company conform to legal requirements and ethical practices.
- That the Internal Control and Internal Audit functions were operating effectively.



Mr. Yomi Adeyemi FCA  
Chairman, Audit Committee  
FRC/2014/CISN/00000005607  
13 March, 2019

#### Members of the Committee

- 1 Mr. Yomi Adeyemi - Chairman
- 2 Mr. Nornah Awoh - Member
- 3 Mr. Ariyo Olushekun - Member
- 4 Mr. Emeka Madubuike - Member

The Company Secretary acted as a Secretary to the Committee.



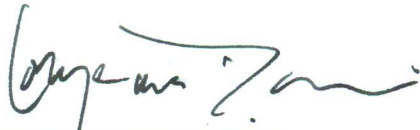
**Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2018**

The directors accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



Mr. Oscar N. Onyema OON  
Chairman  
FRC/2013/IODN/00000001802  
13 March 2019



Mr. Haruna Jalo-Waziri  
Managing Director/CEO  
FRC/2017/IODN/00000017488  
13 March 2019

**KPMG Professional Services**

KPMG Tower  
Bishop Aboyade Cole Street  
Victoria Island  
PMB 40014, Falomo  
Lagos

Telephone 234 (1) 271 8955  
234 (1) 271 8599  
Internet www.kpmg.com/ng

**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Central Securities Clearing System Plc

**Report on the Audit of the Consolidated and Separate Financial Statements****Opinion**

We have audited the consolidated and separate financial statements of Central Securities Clearing System Plc ("the Company" or "CSCS") and its subsidiary (together, "the"), which comprise the consolidated and separate of financial position as at 31 December, 2018, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, as set out on pages 12 to 63.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiary as at 31 December, 2018, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

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

**Classification and measurement of investment securities**

Investment securities account for over 85% of the Group's total assets and interest income derived from these securities account for 47% of total operating income in the current year. Due to the significance of investment securities in the context of the financial position and financial performance of the Group, as well as new classification and measurement requirements of IFRS 9 which became effective as at

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Registered in Nigeria No BN 986925

**Partners:**

Adebisi O. Lamikanra	Adekunle A. Elebute	Adegoke A. Oyelami	Adetola P. Adeyemi
Adewalé K. Ajayi	Aibola O. Olomola	Ayobami L. Salami	Ayodele H. Othihiwa
Ayodele A. Soyinka	Chibuzor N. Anyanechi	Ehile A. Aibangbee	Goodluck C. Oti
Ibitomi M. Adepaju	Jiooma T. Emezie-Ezigbo	Joseph O. Tegbe	Kabir O. Okunlola
Lawrence C. Amadi	Mohammed M. Adama	Nneka C. Eiuma	Oguntayo I. Ogungbenro
Olabimpe S. Afolabi	Oladapo R. Okubadejo	Oladimeji I. Salaudeen	Olanike I. James
Olumide O. Olayinka	Olusegun A. Sowande	Olutoyin I. Ogunlowo	Oluwafemi O. Awotoye
Oluwatoyin A. Gbagi	Temitope A. Onitiri	Tolulope A. Odukale	Victor U. Onyenkpa



1 January 2018, the classification and measurement of investment securities is considered to be an area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

### **Procedures**

Our procedures with respect to the classification and measurement of investment securities included the following:

- We reviewed the appropriateness of the Group's classification of investment securities by:
  - Checking whether the cashflows of the investment securities are strictly payments of principal and interest; and
  - Assessing the Group's business model by considering whether it holds the investment securities to collect cashflows or to sell and make short term gains.
- We tested the design and implementation of controls that are relevant to the classification and measurement of investment securities.
- For all investment securities, we reviewed the amortized cost using the contractual cashflow information on the instrument.
- For investments whose contract terms had changed during the year, we evaluated the impact of the changes on the cash flows and effective interest rate in line with the requirements of IFRS 9.
- We performed a recalculation of the amortized cost of the investment securities using effective interest rates.
- For investment securities measured at fair value, we checked the parameters used in computing the fair value by agreeing these parameters to independent sources.

The Group's accounting policy on classification and measurement of investment securities and related disclosures on market risk are shown in notes 4(l) and 6(c) respectively.

### **Information Other than the Financial Statements and Audit Report thereon**

The Directors are responsible for the other information which comprises the Directors' Report, Statement of Directors' responsibilities, Corporate Information, and Other National Disclosures, which we obtained prior to the date of this auditors' report, but does not include the consolidated and separate financial statements and our audit report thereon. Other information also includes the Corporate Governance Report, Strategy Report, Governance Structure, Enterprise Risk Management Report, Audit Committee Report, Chairman's Address, Chief Executive Officer's Review, Notice of the Annual General Meeting, Board Appraisal Report (together "Outstanding reports"), which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee.

### **Responsibilities of the Directors for the Consolidated and separate Financial Statements**

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011 and for such internal control as the directors determine is necessary to enable the



preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditor's Responsibilities for the Audit of the Consolidated and separate Financial Statements***

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

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

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

**Report on Other Legal and Regulatory Requirements**

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

*Chuboye*

Oluwafemi O. Awotoye, FCA  
FRC/2013/ICAN/00000001182  
For: KPMG Professional Services  
Chartered Accountants  
25 March, 2019  
Lagos, Nigeria



**Consolidated and Separate Statements of Profit or Loss and other Comprehensive Income**  
*for the year ended 31 December 2018*

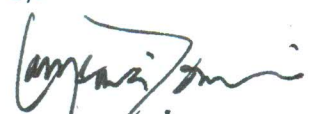
<i>In thousands of Naira</i>	Notes	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Revenue	9	4,604,629	4,604,629	4,313,721	4,313,721
Interest income	10	4,217,582	4,217,582	4,162,744	4,162,744
Other income	11	259,874	259,874	215,093	215,093
<b>Total operating income</b>		<b>9,082,085</b>	<b>9,082,085</b>	<b>8,691,558</b>	<b>8,691,558</b>
Personnel expenses	12.1(i)	(1,268,079)	(1,268,079)	(1,496,084)	(1,493,879)
Other operating expenses	12.2	(1,347,825)	(1,347,825)	(1,316,589)	(1,316,540)
Depreciation and amortisation	12.3	(483,244)	(483,244)	(192,184)	(192,184)
Impairment reversal/(loss) on financial assets	20	126,812	126,812	(5,138)	(5,138)
<b>Total operating expenses</b>		<b>(2,972,336)</b>	<b>(2,972,336)</b>	<b>(3,009,995)</b>	<b>(3,007,741)</b>
Share of loss of equity accounted investees (net of tax)	23	(18,405)	-	(17,387)	-
<b>Profit before tax</b>		<b>6,091,344</b>	<b>6,109,749</b>	<b>5,664,176</b>	<b>5,683,817</b>
Income tax	13(a)	(1,269,014)	(1,269,014)	(683,576)	(683,576)
<b>Profit for the year</b>		<b>4,822,330</b>	<b>4,840,735</b>	<b>4,980,600</b>	<b>5,000,241</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Remeasurement of defined benefit asset	29.2(i)	-	-	(12,252)	(12,252)
Related Tax	29.2(i)	-	-	3,676	3,676
				(8,576)	(8,576)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>					
Fair value gain/(loss) - FVOCI -debt	25(c)	15,453	15,453	(153,529)	(153,529)
		15,453	15,453	(153,529)	(153,529)
<b>Other comprehensive income for the year, net of tax</b>		<b>15,453</b>	<b>15,453</b>	<b>(162,106)</b>	<b>(162,105)</b>
<b>Total comprehensive income for the year</b>		<b>4,837,784</b>	<b>4,856,188</b>	<b>4,818,494</b>	<b>4,838,136</b>
<b>Profit attributable to:</b>					
Owners of the Company		4,822,330	4,840,735	4,980,600	5,000,241
Non-controlling interest		-	-	-	-
		<b>4,822,330</b>	<b>4,840,735</b>	<b>4,980,600</b>	<b>5,000,241</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		4,837,784	4,856,188	4,818,494	4,838,136
Non-controlling interest		-	-	-	-
		<b>4,837,784</b>	<b>4,856,188</b>	<b>4,818,494</b>	<b>4,838,136</b>
<b>Basic/diluted earnings per share (kobo)</b>	14	<b>96k</b>	<b>97k</b>	<b>100k</b>	<b>100k</b>

*The statement of accounting policies and accompanying notes form an integral part of these financial statements.*

**Consolidated and Separate Statements of Financial Position**  
as at 31 December 2018

<i>In thousands of Naira</i>	Note	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
<b>Non-current assets</b>					
Property and equipment	15	595,575	595,575	366,751	366,751
Intangible assets	16	1,089,601	1,089,601	1,411,086	1,411,086
Intercompany receivables	22	-	34,511	-	34,511
Equity-accounted investee	23	591,357	670,500	1,762	62,500
Investment in subsidiary	24	-	10,000	-	10,000
Investment securities	17(a)	23,644,726	23,644,726	21,709,176	21,709,176
Deferred tax asset	13(b)	-	-	38,298	38,298
<b>Total Non-Current Assets</b>		<b>25,921,259</b>	<b>26,044,913</b>	<b>23,527,073</b>	<b>23,632,322</b>
<b>Current assets</b>					
Investment securities	17(b)	5,879,813	5,879,813	5,418,936	5,418,936
Trade receivables	18(a)	102,279	102,279	15,550	15,550
Other assets	19(a)	324,380	312,046	952,905	940,571
Cash and cash equivalents	21	3,626,867	3,626,812	2,004,979	2,004,924
<b>Total Current Assets</b>		<b>9,933,339</b>	<b>9,920,950</b>	<b>8,392,370</b>	<b>8,379,981</b>
<b>Total Assets</b>		<b>35,854,598</b>	<b>35,965,863</b>	<b>31,919,443</b>	<b>32,012,303</b>
<b>Equity</b>					
Share capital	25(a)	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings		26,187,524	26,288,789	25,006,022	25,088,882
Fair value reserve	36(a)	(22,709)	(22,709)	(153,529)	(153,529)
<b>Equity attributable to owners of the Company</b>		<b>31,164,815</b>	<b>31,266,080</b>	<b>29,852,493</b>	<b>29,935,353</b>
Non-controlling interest		-	-	-	-
<b>Total Equity</b>		<b>31,164,815</b>	<b>31,266,080</b>	<b>29,852,493</b>	<b>29,935,353</b>
<b>Non-Current Liabilities</b>					
Deferred tax liabilities	13(b)	13,403	13,403	-	-
<b>Total Non-Current Liabilities</b>		<b>13,403</b>	<b>13,403</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>					
Intercompany payables	26	-	10,000	-	10,000
Payables and Accruals	27	872,873	872,873	804,293	804,293
Current Tax Liabilities	13(c)	652,577	652,577	582,765	582,765
Other Liabilities	28	3,150,930	3,150,930	679,892	679,892
<b>Total Current Liabilities</b>		<b>4,676,380</b>	<b>4,686,380</b>	<b>2,066,950</b>	<b>2,076,950</b>
<b>Total Liabilities</b>		<b>4,689,783</b>	<b>4,699,783</b>	<b>2,066,950</b>	<b>2,076,950</b>
<b>Total Equity and Liabilities</b>		<b>35,854,598</b>	<b>35,965,863</b>	<b>31,919,443</b>	<b>32,012,303</b>

The audited financial statements was approved by the Board of Directors on 13 March 2019 and signed on its behalf by:

  
Mr. Oscar N. Onyema OON  
Chairman

FRC/2013/IODN/0000001802

  
Mr. Idibore Danlami Ali  
Acting Chief Financial Officer

FRC/2013/ICAN/0000001745



Mr. Haruna Jalo-Waziri  
Managing Director/CEO

FRC/2017/IODN/00000017488

The statement of accounting policies and accompanying notes form an integral part of these financial statements.

**Consolidated and Separate Statements of Changes in Equity**  
for the year ended 31 December 2018

**The Group**

<i>In thousands of Naira</i>	Notes	Share Capital	Retained Earnings	Fair value Reserve	Other components of equity	Total
Balance at 1 January 2018		5,000,000	25,006,022	(153,529)	-	29,852,492
Adjustment on initial application of IFRS 9		-	(140,828)	115,367	-	(25,461)
<b>Restated Balance at 1 January 2018</b>			24,865,194	(38,162)		29,827,032
Profit for the period		-	4,822,330	-	-	4,822,330
Other comprehensive income:						
Fair Value Loss - FVOCI Financial Instruments	17(c)	-	-	15,453	-	15,453
Deferred tax impact	13(b)	-	-	-	-	-
Total other comprehensive income		-	4,822,330	15,453	-	4,837,784
<i>Transactions with equity holders:</i>						
Dividends		-	(3,500,000)	-	-	(3,500,000)
<b>Balance at 31 December 2018</b>		<b>5,000,000</b>	<b>26,187,524</b>	<b>(22,709)</b>	<b>-</b>	<b>31,164,815</b>

**The Company**

<i>In thousands of Naira</i>	Notes	Share Capital	Retained Earnings	Fair value reserve	Other components of equity	Total
Balance at 1 January 2018		5,000,000	25,088,882	(153,529)	-	29,935,352
Adjustment on initial application of IFRS 9		-	(140,828)	115,367	-	(25,461)
<b>Restated Balance at 1 January 2018</b>			24,948,054	(38,162)		29,909,891
Profit for the period		-	4,840,735	-	-	4,840,735
Other comprehensive income:						
Fair Value Loss - FVOCI Financial Instruments	17(c)	-	-	15,453	-	15,453
Deferred tax impact	13(b)	-	-	-	-	-
Total comprehensive income		-	4,840,735	15,453	-	4,856,188
<i>Transactions with equity holders:</i>						
Dividends		-	(3,500,000)	-	-	(3,500,000)
<b>Balance at 31 December 2018</b>		<b>5,000,000</b>	<b>26,288,789</b>	<b>(22,709)</b>	<b>-</b>	<b>31,266,080</b>



**Consolidated and Separate Statements of Changes in Equity**  
*for the year ended 31 December 2018*

**The Group**

<i>In thousands of Naira</i>	Notes	Share Capital	Retained Earnings	Fair Value reserve	Other components of equity	Total
Balance at 1 January 2017		5,000,000	20,924,284	-	159,713	26,083,997
Profit for the year		-	4,980,600	-	-	4,980,600
Other comprehensive income:						
Fair Value Loss - AFS Financial Instruments	17.5	-	-	(153,529)	-	(153,529)
Remeasurement of defined benefit asset	29.2(i)	-	(12,252)	-	-	(12,252)
Deferred tax impact	13(b)	-	3,676	-	-	3,676
Transfer to retained earnings		-	159,713	-	(159,713)	-
Total comprehensive income		-	5,131,738	(153,529)	(159,713)	4,818,496
<i>Transactions with equity holders:</i>						
Dividends		-	(1,050,000)	-	-	(1,050,000)
<b>Balance at 31 December 2017</b>		<b>5,000,000</b>	<b>25,006,022</b>	<b>(153,529)</b>	<b>-</b>	<b>29,852,493</b>

**The Company**

<i>In thousands of Naira</i>	Notes	Share Capital	Retained Earnings	Fair Value reserve	Other components of equity	Total
Balance at 1 January 2017		5,000,000	20,987,503	-	159,713	26,147,216
Profit for the year		-	5,000,241	-	-	5,000,241
Other comprehensive income:						
Fair Value Loss - AFS Financial Instruments	17.5	-	-	(153,529)	-	(153,529)
Remeasurement of defined benefit asset	29.2(i)	-	(12,252)	-	-	(12,252)
Deferred tax impact	13(b)	-	3,676	-	-	3,676
Transfer to retained earnings		-	159,713	-	(159,713)	-
Total comprehensive income		-	5,151,379	(153,529)	(159,713)	4,838,136
<i>Transactions with equity holders:</i>						
Dividends		-	(1,050,000)	-	-	(1,050,000)
<b>Balance at 31 December 2017</b>		<b>5,000,000</b>	<b>25,088,882</b>	<b>(153,529)</b>	<b>-</b>	<b>29,935,353</b>

*The statement of accounting policies and accompanying notes form an integral part of these financial statements.*

**Consolidated and Separate Statements of Cash Flows**  
for the year ended 31 December 2018

<i>In thousands of Naira</i>	Notes	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
<b>Cash flows from operating activities</b>					
Profit for the year		4,822,330	4,840,735	4,980,600	5,000,241
<b>Adjusted for:</b>					
Income tax expense recognised in profit	13(a)	1,269,014	1,269,014	683,576	683,576
Amortisation of intangible assets	12.3	345,053	345,053	87,560	87,560
Depreciation of property and equipment	12.3	138,183	138,183	104,624	104,624
Impairment/loss on financial assets	20	10,444	10,444	5,138	5,138
Foreign Exchange loss	12.2	344	344	-	-
Interest income	10	(4,217,582)	(4,217,582)	(4,162,744)	(4,162,744)
Share of loss of equity accounted investee, net of tax	23	18,405	-	17,387	-
Movement in investment in Associate	23	(608,000)	(608,000)	-	-
Defined benefit charge	29.2(i)	-	-	181,891	181,891
Profit on disposal of property and equipment	11	(11,366)	(11,366)	(3,882)	(3,882)
		<b>1,766,825</b>	<b>1,766,825</b>	<b>1,894,150</b>	<b>1,896,404</b>
Tax paid	13(c)	(1,147,501)	(1,147,501)	(401,590)	(401,590)
Contribution to gratuity scheme	29.2(iii)	-	-	-	-
<b>Changes in operating assets and liabilities</b>					
Intercompany receivables	35(i)	-	-	-	(2,264)
Trade receivables	35(ii)	(97,173)	(97,173)	(5,166)	(5,166)
Other assets	35(iii)	628,525	628,525	(435,858)	(435,858)
Payables and accruals	35(iv)	68,580	68,580	391,139	391,139
Other liabilities	35(v)	2,471,038	2,471,038	397,881	397,881
<b>Net cash flows from operating activities</b>		<b>3,690,294</b>	<b>3,690,294</b>	<b>1,840,556</b>	<b>1,840,546</b>
<b>Cash flows from investing activities:</b>					
Purchase of property and equipment	15	(387,313)	(387,313)	(139,193)	(139,193)
Purchase of intangible asset	16	(23,568)	(23,568)	(674,201)	(674,201)
Proceeds on disposal of property and equipment	35(vi)	31,672	31,672	36,297	36,297
Net proceeds on disposal of investments (treasury bills)	35(vii)	(460,877)	(460,877)	(165,961)	(165,961)
Net purchase of investment (bonds)	35(viii)	(1,943,236)	(1,943,236)	(2,842,303)	(2,842,303)
Interest received	35(ix)	4,206,425	4,206,425	4,211,451	4,211,451
<b>Net cash flows from investing activities</b>		<b>1,423,103</b>	<b>1,423,103</b>	<b>426,090</b>	<b>426,090</b>
<b>Cash flows from financing activities:</b>					
Dividend paid	35(x)	(3,491,164)	(3,491,164)	(1,044,756)	(1,044,756)
<b>Net cash flows used in financing activities</b>		<b>(3,491,164)</b>	<b>(3,491,164)</b>	<b>(1,044,756)</b>	<b>(1,044,756)</b>
Net (decrease)/increase in cash and cash equivalents		1,622,233	1,622,233	1,221,890	1,221,880
Cash and cash equivalents, beginning of the year		2,004,978	2,004,923	783,088	783,043
Effect of movements in exchange rates on cash held		(344)	(344)	-	-
Cash and cash equivalents, end of the year	21	3,626,867	3,626,812	2,004,978	2,004,923

The statement of accounting policies and accompanying notes form an integral part of these financial statements.

**Notes to the Consolidated and Separate financial statements  
for the year ended 31 December 2018**

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**1 Description of business**

Central Securities Clearing System Plc (CSCS) operates a computerized depository, clearing, settlement and delivery system for transactions in shares listed on the Nigerian Stock Exchange or any other authorized organized Securities Trading Platform. CSCS facilitates the delivery (transfer of shares from seller to buyer) and settlement (payment for bought shares) of securities transacted on the floors of The Nigerian Stock Exchange or any other authorized / organized Securities Trading Platform. It was licensed by the Securities and Exchange Commission as an agent for Central Depository, Clearing and Settlement of transactions in the capital market. The Company is domiciled in Nigeria with its registered office at The Stock Exchange Building, 2/4, Customs Street, Marina Lagos.

The consolidated and separate financial statements of the Company as at and for the year ended 31 December 2018 comprise the Company and its subsidiary (together referred to as the "Group") and the Group's interest in an equity accounted investee.

**2 Basis of preparation**

The financial statements have been prepared in accordance with IFRS.

**(a) Statement of compliance**

These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, and the Financial Reporting Council of Nigeria Act, 2011. The financial statements were authorised for issue by the Company's Board of Directors on 13 March 2019. Details of the accounting policies consistently applied by the Company for all years presented in the financial statements are included in Note 4.

**(b) Functional and presentation currency**

The consolidated and separate financial statements are presented in Nigerian Naira, which is the functional currency of the Group. Except as indicated, financial information presented in Naira has been rounded to the nearest thousand.

**(c) Use of estimates and judgements**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 5.

**(d) Basis of measurement**

These consolidated and separate financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Financial asset measured at fair value through other comprehensive income.
- Financial asset measured at amortized cost
- Defined benefit liability

**3 Changes in accounting policies**

Except for the changes below, the Group has consistently applied the accounting policies as set out in note 4 to all periods presented in these consolidated and separate financial statements.

**(a) Revenue from Contracts with Customers (IFRS 15)**

**(b) Financial Instruments (IFRS 9)**

The Group and Company has initially applied IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have material effect on the Group and Company's financial statements.

Due to the transition methods chosen by the Group and Company in applying these standards, comparative information throughout these financial statement has not been restated to reflect the requirements of the new standards.

**(a) IFRS 15 Revenue from Contract with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 Revenue, IAS 11 Construction Contract and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains controls of the goods or services. Determining the timing of the transfer of control - at a point in time or over time requires judgement.

The adoption of this standard does not have a significant impact on the Group and Company.

Notes to the Consolidated and Separate financial statements  
for the year ended 31 December 2018

(b) IFRS 9 Financial Instruments

Effective 1 January 2018, the Group adopted IFRS 9 - *Financial Instruments*. Consequent upon application of IFRS 9, The Group and Company's accounting policies were changed in the areas outlined below, and these new policies became applicable from 1 January 2018. As permitted by the transition provisions of IFRS 9, we elected not to restate comparative period results.

Accordingly, all comparative period information is presented in accordance with our previous accounting policies, as described in our 2017 consolidated financial statements. Adjustments to carrying amounts of financial assets and liabilities at the date of initial application (1 January 2018) were recognized in opening retained earnings and other components of equity. New or amended interim disclosures have been provided for the current period, where applicable, and comparative period disclosures are consistent with those made in the prior year.

IFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

The Group has adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that are applied to disclosures about 2018 but have not been generally applied to comparative information. The Group has also adopted the consequential amendment to IAS 1 - *Presentation of Financial Statements* which amends the meaning of materiality.

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of retained earnings and reserves.

<i>In thousands of naira</i>	Group Impact of adopting IFRS 9 on opening balance	Company Impact of adopting IFRS 9 on opening balance
<b>Retained Earnings</b>	25,006,022	25,088,882
Recognition of Expected Credit Loss (ECL) under IFRS 9:		
Debt financial assets at Fair Value Through Other		
Comprehensive Income (FVTOCI)	(147,439)	(147,439)
Cash and cash equivalent	(49,078)	(49,078)
Other receivables	55,689	55,689
<b>Impact at 1 January 2018</b>	<b>(140,828)</b>	<b>(140,828)</b>
<b>Retained Earnings as at 1 January 2018</b>	<b>24,865,194</b>	<b>24,948,054</b>

(i) Classification and measurement of financial assets and financial liabilities

For an explanation on how the group classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see Note 4(l)(iii)

The following table and the accompanying notes below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

<i>In thousand of naira</i>	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	Reclassification/ Remeasurement	New carrying amount under IFRS 9
<b>Financial assets</b>					
FGN Bonds	Available for sale	FVOCI	3,150,103	-	3,150,103
FGN Bonds	Available for sale	Amortised cost	13,837,431	(20,308)	13,817,123
State Bonds	Available for sale	FVOCI	646,928	-	646,928
State Bonds	Available for sale	Amortised cost	2,794,133	(11,764)	2,782,369
Corporate Bonds	Available for sale	FVOCI	1,280,581	-	1,280,581
Treasury bills	Available for sale	FVOCI	5,418,936	-	5,418,936
Cash and cash equivalents	Loans and receivables	Amortised cost	2,004,924	(49,078)	1,955,846
Trade and other receivables	Loans and receivables	Amortised cost	15,522	55,689	71,211
<b>Total</b>			<b>29,148,558</b>	<b>(25,461)</b>	<b>29,123,096</b>

Treasury bills and bonds which were previously classified as available for sale, are now classified at FVOCI as these were held in a business model whose objective is achieved by both collecting the contractual cash flows and selling it the securities.

Notes to the Consolidated and Separate financial statements  
for the year ended 31 December 2018

<i>In thousand of naira</i>	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	Reclassification Remeasurement	New carrying amount under IFRS 9
<b>Financial liabilities</b>					
Trade and other payables	Amortised cost	Amortised cost	-	-	-
<b>Other liabilities</b>	Amortised cost	Amortised cost	131,499	-	131,499
<b>Total</b>			<b>131,499</b>	<b>-</b>	<b>131,499</b>

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2019

	IAS 39 carrying amount as at 1 Jan 2018	Reclassification	Remeasurement	IFRS 9 carrying amount as at 1 Jan 2018
<b>Financial assets - amortised cost</b>				
Cash and cash equivalents				
Brought forward - Loans and receivables	2,004,924	-	-	-
Remeasurement	-	-	(49,078)	-
Carried forward - Amortized cost	-	-	-	1,955,846
FGN Bonds				
Brought forward - Available for sale	16,987,534	-	-	-
Reclassified to FVTOCI	-	(3,150,103)	-	-
Reclassified to Amortized cost	-	(13,837,431)	-	-
FGN Bonds - FVTOCI				
Reclassified from Available for sale	-	3,150,103	-	-
Carried forward - FVTOCI	-	-	-	3,150,103
FGN Bonds - Amortized cost				
Reclassified from Available for sale	-	13,837,431	-	-
Remeasurement	-	-	(20,308)	-
Carried forward - FVTOCI	-	-	-	13,817,123
State Bonds				
Brought forward - Available for sale	3,441,061.00	-	-	-
Reclassified to FVTOCI	-	(646,928)	-	-
Reclassified to Amortized cost	-	(2,794,133)	-	-
State Bonds - FVTOCI				
Reclassified from Available for sale	-	646,928	-	-
Carried forward - FVTOCI	-	-	-	646,928
State Bonds - Amortized cost				
Reclassified from Available for sale	-	2,794,133	-	-
Remeasurement	-	-	(11,764)	-
Carried forward - Amortized cost	-	-	-	2,782,369
Corporate Bonds				
Brought forward - Available for sale	1,280,581	-	-	-
Carried forward - FVTOCI	-	-	-	1,280,581
Treasury bills				
Brought forward - Available for sale	5,418,936	-	-	-
Carried forward - FVTOCI	-	-	-	5,418,936
Trade and other receivables				
Brought forward - Loans and receivables	15,522	-	-	-
Remeasurement	-	-	55,689	-
Carried forward - Amortised cost	-	-	-	71,211
	<b>29,148,558</b>	<b>-</b>	<b>(25,461)</b>	<b>29,123,096</b>

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(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract asset and debt investment at FVOCI, but not to investment in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS impairment model, impairment losses are generally expected to increase and become more volatile. The Group and Company have determined that the application of IFRS 9's impairment requirement at 1 January 2018 results in an additional credit loss as follows:

*In thousands of naira*

Loss allowance at 31 December 2017 under IAS 39	Group	Company
Additional impairment recognized/ (reversed) at 1 January 2018 on:		
Trade and other receivables as 31 December 2017	(55,689)	(55,689)
Debt security at FVOCI	147,439	147,439
Cash and cash equivalents	49,078	49,078
<b>Loss allowance at 1 January 2018 under IFRS 9</b>	<b>140,828</b>	<b>140,828</b>

iii Transition

Changes to accounting policies resulting from the adoption of IFRS 9 have applied retrospectively, except as described below

- The Group and Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Difference in the carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and other components of equity as at 1 January 2018. Accordingly, the information presented in for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.
- The following reassessment have been made on the basis of the facts and circumstances that existed at the date of initial application:
  - The determination of the business model within which a financial asset is held.
  - If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Group has assumed that the credit risk of the asset had not increased significantly since its initial recognition.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all financial years presented in these consolidated and separate financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated and separate financial statements incorporates the assets, liabilities and performance results of Insurance Repository Nigeria Limited. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investment in subsidiary is measured at cost in the separate financial statement.

(ii) Loss of control

When the Group loses control over a subsidiary, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iii) Transactions eliminated on consolidation

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

(iv) Non-controlling interest

Non-controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interests in subsidiary that do not result in a loss of control are accounted for as equity transactions.

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**(v) Interest in equity-accounted investee**

The Group's interest in equity-accounted investees represents its interest in associates and a joint venture. Associates are those entities in which the Group and Company have significant influence, but not control or joint control, over the financial and reporting policies. A joint venture is an arrangement in which the Group has joint control whereby the Group has right to the net assets on arrangement basis rather than the right to its asset and obligations to its liabilities.

Interest in joint ventures are accounted for using the equity method. They are initially recognised at cost, which include transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investee, until the date on which the significant influence or joint control ceases.

Investment in subsidiaries and equity-accounted investees are measured at cost less impairment in the separate financial statements.

**(b) Foreign currency transactions**

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions. Foreign currency differences are generally recognised in profit or loss. (However, foreign currency differences arising from the translation of the investments measured at FVTOCI are recognised in other comprehensive income (except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss)). Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rate at the date when fair value was measured. Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

**(c) Revenue recognition**

**(i) Revenue from rendering of services**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. Revenue is earned from depository fee, eligibility fee, transaction fee and participation fees.

- Depository fees represent the annual fees charged on companies quoted on the Nigerian Stock Exchange at a rate of market capitalisation.

- Eligibility Fees are charged on stock broking firms.

- Transaction fees are based on values of shares traded on the Nigerian Stock Exchange or any other authorized / organized Securities Trading Platform charged on the investors at a percentage of sales.

Revenue earned is recognized based on duration of the particular service or transaction. Any upfront fees or payment for services that are rendered over a period are treated as contract liability in line with IFRS 15 and recognized over the required period. These are presented in deferred income account.

**(ii) Collateral Management Fees**

The Group and Company provides lien services to lenders who have granted credit facilities to borrowers secured with securities deposited with the Company. Collateral Management fees and other incidental fees are charged and recognised in the statement of profit or loss once the lien service passed the five stage of revenue recognition in accordance with IFRS 15.

**(d) Share Capital**

Incremental costs attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12.

**(e) Dividends distribution**

Dividend distributions to the Group and Company's shareholders are recognised in the Group's consolidated and separate financial statements in the year in which the dividend is declared and approved by the Group and Company's shareholders. Dividend paid is recognised gross of withholding tax (WHT) with the corresponding WHT remitted to the tax authorities.

**(f) Earnings per share**

The Group and Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss to ordinary shareholders of the Group and Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

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**(g) Employee benefits**

**(i) Short term employee benefits**

Short term employee benefits, such as salaries, paid absences and other benefits are accounted for on an accrual basis over the year which employees have provided services in the year. Bonuses are recognised to the extent that the Group and Company has a present obligation to its employees that can be measured reliably. All expenses related to employee benefits are recognised in the income statement as personnel expenses.

**(ii) Retirement benefit costs**

**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due in respect of service rendered before the end of the reporting year. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available. The Company operates a funded contributory retirement benefit scheme for its employees under the provisions of the Pension Reform Act 2014 (as amended). The employer contributes 10% while the employee contributes 8% of the qualifying employee's salary.

**Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contributory plan. The Group's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of the obligation of the Group to each staff in the current year in return for their service. The aggregate provision is such that at every point in time the plan has adequate funds with the Fund Managers for all obligations. The fund is managed by an independent fund manager. The plan entitles employees to 50% of total exit emoluments on completion of five years continuous employment. The entitlement increases at the rate of 10% each year but to a maximum of 100%. Amounts contributed in each year into the plan are expensed in the year in which they are due. The calculation of defined benefit obligations is performed annually by an external actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group and Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**(h) Taxation**

**(i) Current tax**

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments established during the year for such years.

Total amount of tax payable under the Companies Income Tax Act (CITA) is determined on the higher of two components namely:

- company income tax (based on taxable income (or loss) ) for the year; or
- minimum tax (determined based on the sum of 0.125% of revenue in excess of ₦500,000.00 and the highest of 0.25% of revenue of ₦500,000.00, 0.5% of gross profit, 0.25% of paid-up share capital and 0.5% of net assets)

Taxes based on taxable profit for the year are presented as current income tax in line with IAS 12, whereas taxes which are based on gross amount are outside the scope of IAS 12 and therefore are not presented as current income tax.

**Minimum tax**

The Group pays minimum tax in accordance with the Company Income Tax (Amendment) Act, 2007, where in any year of assessment, the ascertainment of total assessable profits from all sources of the Company results in a loss or where the Group's ascertained total profits results in no tax payable or tax payable is less than the minimum tax. Minimum taxes are recognised as a separate line item in the statement of profit or loss and other comprehensive income under taxation.



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**(ii) Deferred tax**

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

**(iii) Information technology levy**

This represents 1% of profit before tax in accordance with the provision of section 12 (2a) of the Nigerian Information Technology Development Agency Act (NITDA) 2007.

**(iv) Education tax**

This represents 2% of assessable profit in accordance with the provision of the Education Tax (Amendment) Decree No 40 of 1998.

**(i) Property and equipment**

**(i) Recognition and measurement**

Property and equipment is carried at the cost of acquisition or construction and depreciated over its estimated useful life.

The cost of acquisition comprises the acquisition price plus ancillary and subsequent acquisition costs, less any reduction received on the acquisition price. The cost of self-constructed property and equipment comprises the direct cost of materials, direct manufacturing expenses, and appropriate allocations of material and manufacturing overheads. Where an obligation exists to remove an asset or restore a site to its former condition at the end of its useful life, the present value of the related future payments is capitalized along with the cost of acquisition or construction upon completion and a corresponding liability is recognized.

**(ii) Subsequent expenditure**

Expenses for the repair of property and equipment, such as on-going maintenance costs, are normally recognized in profit or loss. The cost of acquisition or construction is capitalized if a repair (such as a complete overhaul of technical equipment) will result in future economic benefits to the Group.

**(iii) Depreciation**

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property and equipment. Significant asset components with different useful lives are accounted for and depreciated separately.

Computer Equipment	4 years
Furniture and Fittings	8 years
Motor vehicle	5 years
Office Equipment	5 years
Leasehold improvement	3 years
Capital work in progress	Not depreciated

Depreciation begins when an asset (tangible) is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**(iv) De-recognition**

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal is the difference between the proceeds and the carrying amount which is recognised as the operating income or expense respectively in profit or loss.

When assets are sold, closed down or scrapped, the difference between the net proceeds and the net carrying amount of the assets is recognized as a gain or loss in other operating income or expenses, respectively.

**(v) Capital Work in progress**

Construction and other capital projects that are yet to be completed at the reporting date are classified as capital work in progress and posted in Work-in-progress account. They are transferred to relevant classes of property and equipment upon completion of the project and items are ready for use. Items classified as work in progress are not depreciated.

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**(j) Intangible assets**

**(i) Initial recognition and measurement**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

**(ii) Subsequent Expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred, on the same basis as intangible assets that are acquired separately.

**(iii) Amortisation**

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative years are as follows:

Software License	Over License term
Software under development	Not amortized

**(iv) De-recognition**

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

**(v) Software under development**

Software under development represents qualifying capital expenditure on software, which is yet to be completed at the reporting date. They are transferred to intangible asset class upon completion. Items classified as software under development are not amortized.

Software under development is capitalised only if the expenditure can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources and ability to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, software under development is measured at cost less accumulated amortisation and any accumulated impairment losses.

**(k) Impairment of non-financial assets**

The carrying values of all non-financial assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment tests are performed not only on individual items of intangible assets, property, plant and equipment, but also at the level of cash-generating units.

A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Cash-generating units are tested if there is an indication of possible impairment. Impairment testing involves comparing the carrying amount of each cash-generating unit or item of intangible assets, property or equipment to the recoverable amount, which is the higher of its fair value less costs to sell or value in use. If the carrying amount exceeds the recoverable amount, the asset is impaired by the amount of the difference.

Impairment losses are recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Reversals of impairment losses are recognized in profit or loss.

For the purpose of calculating the recoverable amount, both the fair value less costs to sell and the value in use are determined from the present value of the future net cash flows. These are forecast on the basis of the Group and Company's current planning, the planning horizon normally being three to five years. Forecasting involves making assumptions, especially regarding future selling prices, sales volumes and costs. Where the recoverable amount is the fair value less costs to sell, the cash-generating unit is measured from the viewpoint of an independent market participant. Where the recoverable amount is the value in use, the cash-generating unit or individual asset is measured as currently used. In either case, net cash flows beyond the planning year are determined on the basis of long-term business expectations using individual growth rates derived from the respective market information.

**Notes to the Consolidated and Separate financial statements**  
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**(I) Financial Instruments**

(i) The Group and Company's financial assets comprise the following:

**(a) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and highly liquid investments with maturities of three months or less when acquired. They are readily convertible into known amounts of cash and are held for cash management purposes and to meet short term obligations. Cash and cash equivalent are initially measured at fair value and subsequently measured at amortized cost.

**(b) Fixed deposits**

Fixed deposits, comprising principally funds held with banks and other financial institutions, are initially measured at fair value, plus direct transaction costs, and are subsequently re-measured to amortised cost using the effective interest rate method at each reporting date. Changes in carrying value are recognised in the Statement of Profit or Loss.

**(c) Investment securities**

Investment securities include all securities classified as FVOCI and amortised cost. All investment securities are initially recorded at fair value and subsequently measured according to the respective classification. Prior to our adoption of IFRS 9, Investment securities were comprised of available-for-sale securities and loans and receivables.

**(d) Other receivables**

Other receivables comprise staff debtors and other receivables. They are carried at original invoice amount less any impairment for doubtful receivables. Impairment allowances for doubtful receivables are made using the expected credit loss model taking into account ageing, previous experience, general economic conditions and forward looking information. Other receivables are initially measured at fair value and subsequently measured at amortized cost.

**(ii) Recognition and initial measurement**

The Group and Company initially recognizes its financial assets and liabilities on the trade date, which is the date on which it becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Trade receivables are initially measured at fair value and subsequently measured at amortized cost.

**(iii) Classification and Subsequent Measurement**

**(a) Financial assets - Policy applicable from 1 January 2018**

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI)-debt investment, FVOCI-equity investment, or fair value through profit or loss (FVTPL). Classification and measurement for debt securities is based on the Group and Company's business model for managing the financial instruments and the contractual cash flow characteristics of the instruments.

Debt instruments are measured at amortised cost if both of the following conditions are met and the asset is not designated as FVTPL:

- (a) the asset is held within a business model that is Held-to-Collect (HTC) as described below, and
- (b) the contractual terms of the instrument give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Debt instruments are measured at FVOCI if both of the following conditions are met and the asset is not designated as FVTPL:

- (a) the asset is held within a business model that is Held-to-Collect-and-Sell (HTC&S) as described below, and
- (b) the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI.

All other debt instruments are measured at FVTPL.

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

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**(b) Business model assessment - Policy applicable from 1 January 2018**

The Group and Company determines the business models at the level that best reflects how portfolios of financial assets are managed to achieve the Group and Company's business objectives. Judgment is used in determining the business models, which is supported by relevant, objective evidence including:

- How the economic activities of the Group and Company's businesses generate benefits, for example through trading revenue, enhancing yields or other costs and how such economic activities are evaluated and reported to key management personnel;
- How managers of the portfolio are compensated; e.g whether compensation is based on the fair value of assets managed or the contractual cashflows collected;
- The significant risks affecting the performance of the Group and Company's businesses, for example, market risk, credit risk, or other risks and the activities undertaken to manage those risks; and
- Historical and future expectations of sales of securities portfolios managed as part of a business model.

The Group's business models fall into three categories, which are indicative of the key strategies used to generate returns:

- **Hold-to-Collect (HTC):** The objective of this business model is to hold securities to collect contractual principal and interest cash flows. Sales are incidental to this objective and are expected to be insignificant or infrequent.
- **Hold-to-Collect-and-Sell (HTC&S):** Both collecting contractual cash flows and sales are integral to achieving the objective of the business model.
- **Other fair value business models:** These business models are neither HTC nor HTC&S, and primarily represent business models where assets are held-for-trading or managed on a fair value basis.

**(c) Assessment of whether cashflows are solely payments of principal and interest - Policy application from 1 January 2018**

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

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

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

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

**(iv) Financial assets – Subsequent measurement and gains and losses: Policy applicable from 1 January 2018**

<b>Financial asset at amortised cost</b>	These assets are subsequently measured at amortised cost using effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss
<b>Financial assets at FVOCI</b>	These assets are subsequently measured at fair value through other comprehensive income and using effective interest rate method in recognising interest income. Changes in fair value are recognized initially in Other Comprehensive Income (OCI). When the asset is derecognized or reclassified, changes in fair value previously recognized in OCI and accumulated in equity are reclassified to profit and loss on a basis that always results in an asset measured at FVOCI having the same effect on profit and loss as if it were measured at Amortized Cost.
<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses including any interest or dividend income, are recognized in profit or loss.
<b>Equity investment at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represent recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

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**Financial assets – Policy applicable before 1 January 2018**

The Group classified its measurement and recognition of gains and losses into one of the following categories:

<b>Financial asset at FVTPL</b>	Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.
<b>Held to maturity financial assets</b>	Measured at amortised cost using effective interest rate method.
<b>Loans and receivable</b>	Measured at amortised cost using effective interest rate method.
<b>Available-for-sale financial assets</b>	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gains loss accumulated in equity was reclassified to profit or loss.

**(v) Financial liabilities – Classification, subsequent measurement and gains and losses - Policy applicable to previous and current periods**

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

**(vi) Derecognition**

**Financial assets**

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

The Group and Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

**Financial liabilities**

The Group and Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group and Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**(vii) Offsetting**

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

**(viii) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group and Company has access at the date. The fair value of a liability reflects its non-performance risk.

When available, the Group and Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group and Company uses valuation technique that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

**(ix) Amortised cost**

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

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**(m) Impairment**

**(i) Non-derivative financial assets - Policy applicable from 1 January 2018**

**Financial instruments**

The Group and Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost and
- debt investments measured at FVOCI;

The Group and Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group and Company's historical experience and informed credit assessment and including forward-looking information.

The Group and Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group and Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group and Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group and Company considers this to be B or BBB- or higher per Agusto & Co., Standard & Poor's, and Global Credit Rating.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and Company is exposed to credit risk.

**(ii) Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group and Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

**Credit-impaired financial assets**

At each reporting date, the Group and Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group and Company on terms that it would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

**Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI

**Write-off**

The gross carrying amount of a financial asset is written off when the Group and Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group and Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets.

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For corporate customers, the Group and Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group and Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group and Company's procedures for recovery of amounts due.

**(n) Impairment - Policy applicable before 1 January 2018**

**Non-derivative financial assets**

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment. Objective evidence that financial assets were impaired include:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity instrument, objective evidence of impairment included a significant or prolonged decline in its fair value below its cost. The Group and Company considered a decline of 20% to be significant and a period of nine months to be prolonged. Trade receivables are initially measured at fair value and subsequently measured at amortized cost.

**(o) Provisions**

Provisions are recognized for present legal and constructive obligations arising from past events that will probably give rise to a future outflow of resources, provided that a reliable estimate can be made of the amount of the obligations.

Provisions are measured in accordance with IAS 37 (*Provisions, Contingent Liabilities and Contingent Assets*). Where the cash outflow to settle an obligation is expected to occur after one year, the provision is recognized at the present value of the expected cash outflow. Claims for reimbursements from third parties are capitalized separately if their realization is virtually certain.

If the projected obligation declines as a result of a change in the estimate, the provision is reversed by the corresponding amount and the resulting income recognized in the operating expense item(s) in which the original charge was recognized.

Trade-related provisions are recorded mainly for the obligations in respect of services already received but not yet invoiced.

Provisions for litigations are recorded in the statement of financial position in respect of pending or future litigations, subject to a case-by-case examination. Such legal proceedings are evaluated on the basis of the available information, including that from legal counsel acting for the Group, to assess potential outcomes. Where it is more likely than not that a present obligation arising out of legal proceedings will result in an outflow of resources, a provision is recorded in the amount of the present value of the expected cash outflows if these are considered to be reliably measurable. These provisions cover the estimated payments to plaintiffs, court fees, attorney costs and the cost of potential settlements. The evaluation is based on the current status of the litigations as of each closing date and includes an assessment of whether the criteria for recording a provision are met and, if so, the amount of the provision to be recorded.

Litigation and other judicial proceedings generally raise complex issues and are subject to many uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, the jurisdiction in which each suit is brought and differences in applicable law. The outcome of currently pending and future proceedings therefore cannot be predicted. As a result of a judgment in court proceedings or the conclusion of a settlement, the Group may incur charges in excess of presently established provisions and related insurance coverage.

Where the time effect of money is material, balances are discounted to current values using appropriate rates of interest. The unwinding of the discount is recognized as finance cost.

**(p) Interest income**

Interest income from a financial asset is recognised in income statement using the effective interest rate method. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**(q) Contingent assets and liabilities**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are disclosed in the financial statements when they arise.

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A contingent liability is a probable obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. However, they are recognised, if it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Contingent liabilities are disclosed in the financial statements when they arise.

**(r) Comparative information**

Certain comparative amounts and disclosures in the statement of comprehensive income, statement of financial position and statement of cash flows have been reclassified and represented in order to ensure consistency and clear presentation in the financial statements.

**(s) Other operating expenses**

All other operating expenses are accounted for on accrual basis

**(t) Standards issued but not yet effective**

A number of new standards, amendment to standards and interpretation are effective for annual years beginning after 1 January 2019, and have not been applied in preparing these financial statements. The Group and Company does not plan to adopt these standards early. Those which may be relevant to the Group and Company are set out below. For some of the new standards, the Group and Company has completed the assessment of their potential impacts while the evaluation of likely effect of the others are still ongoing.

**(i) IFRS 16: Leases (effective for periods beginning on or after 1 January 2019; early adoption is permitted only for entities that adopt IFRS 15 Revenue from Contracts with Customers, at or before the date of initial application of IFRS 16).**

IFRS 16 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 introduces a single, on-balance sheet lease accounting model for leases. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its own obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standards - i.e lessors continue to classify leases as finance or operating leases

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model. Applying that model, a lessee is required to recognise:

- assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
- depreciation of lease assets separately from interest on lease liabilities in the profit or loss

For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group and Company carried out an assessment to determine the impact that the initial application of IFRS 16 could have on its business; The adoption of this standard does not have a significant impact on the Group and Company due to the current leased agreement of a one year short term lease with no right of renewal.

**(ii) Other standards**

The following amended standards and interpretation are not expected to have significant impact on the Group's consolidated financial statements.

- IFRIC 23 *Uncertainty over Tax Treatment*.
- *Prepayment Features with negative compensation* (Amendments to IFRS 9).
- *Long-term Interest in Associates and Joint Ventures* (Amendments to IAS 28).
- *Plan Amendments to IFRS Standards 2015-2017 Cycle* - various standards.
- *Amendments to References to Conceptual Framework in IFRS Standards*.
- IFRS 17 *Insurance Contracts*.

**5 Use of judgements and estimates**

In preparing these consolidated and separate financial statements, the Directors have made judgements, estimates and assumptions that affect the application of the Group and Company's accounting policies and the reported amounts of assets, liabilities and expenses. Actual reports may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.



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**Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties as at 31 December 2018 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed below;

**Impairment losses of financial assets**

- (i) In the application of the Group and Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. In assessing the impairment, the Group and Company use historical information on the timing of the recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends. Actual results may differ from these estimates.

Financial assets accounted for at amortised cost and at fair value through other comprehensive income are evaluated for impairment on a basis described in accounting policy 4(n)(vi).

**(ii) Recognition of deferred tax asset/liability**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Group and Company's financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

**(iii) Income tax**

The Group and Company is subject to income tax and estimates are required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes are to be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax in the year in which such determination is made.

**(iv) Defined benefit obligation**

The Group and Company sponsored a defined benefit plan for its qualifying employees. The plan was terminated in 2017. The Group and Company estimated its obligation to each staff in the current year in return for their service using the projected unit credit method. Also, the funding requirements were based on actuarial measurement which sets discount rates with reference to the expected long term rates of return on plan assets. Amounts contributed in each year into the plan were expensed in the year in which they were due.

**(v) Measurement of fair values**

A number of the Group and Company's accounting policies and disclosures require the measurement of fair values.

The Group and Company has an established control framework with respect to the measurement of fair values. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and report directly to the Chief Financial Officer.

The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Board Audit Committee.

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

- (i) Level 1 : Quoted market price (unadjusted) in an active market for an identical instrument.
- (ii) Level 2 : Valuation techniques based on observable inputs, either directly- i.e. as prices or indirectly - i.e. derived from prices. This category includes instruments valued using; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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- (iii) Level 3 : Valuation techniques using significant unobservable inputs. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted prices or dealer price quotations. For all other financial instruments, the Group and Company determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bonds and equity prices, foreign currency exchange rates, equity and equity index prices volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instruments at the reporting date that would have been determined by market participants acting at arm's length.

Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determination of fair value. Availability of observable market prices and inputs varies depending on the product and market and is prone to changes based on specific events and general conditions in the financial markets.

Further information about the assumptions made in measuring fair values is included in note 8 to the financial statements.

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**6 Risk management framework**

The Group and Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Board Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The risk management policies are established to identify and analyse the risk faced by the Group and Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group and Company's activities. The Group and Company through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board Risk Committee also oversees how management monitors compliance with the Group and Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board Risk Committee is assisted by the Management Risk Committee and the Internal Audit which undertake both regular and ad hoc review of risk management controls and procedures, the results of which are reported to the Board Risk Committee.

The Group and Company have exposure to the following risks arising from financial transactions:

- Credit risk
- Liquidity risk
- Market risk

**(a) Credit Risk**

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

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Impairment losses on financial assets in profit or loss were as follows.

<i>In thousands of Naira</i>	Group	Company	Group	Company
	2018	2018	2017	2017
Impairment loss on trade receivables	75,677	75,677	65,232	65,232
Impairment loss on debt securities at amortised cost	34,382	34,382	44,162	44,162
Impairment loss on debt securities at FVTOCI	9,412	9,412	103,277	103,277
Impairment loss on cash and cash equivalent	15,467	15,467	49,078	49,078
	134,938	134,938	261,749	261,749

**(i) Trade receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Board Risk Committee has established a credit policy under which each of the Group and Company's customers is analysed individually for creditworthiness before the Group and Company's standard and delivery terms conditions are offered.

Trade receivables that are outstanding for more than 180 days are fully impaired as the Group considers collection of such receivables as doubtful. In monitoring customers' credit risk, customers are grouped according to their credit characteristics, which include bond dealers, legal entities or stockbroking firms.

The Group and Company establishes an allowance for impairment that represents its estimate of expected credit loss model in respect of trade receivables.

As at 31 December 2018, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

<i>In thousands of Naira</i>	Notes	Carrying amount		Carrying amount	
		Group	Company	Group	Company
		31-Dec	31-Dec	31-Dec	31-Dec
		2018	2018	2017	2017
<b>Trade receivables</b>					
Bond Dealers		7,180	7,180	3,674	3,674
Quoted Companies		110,245	110,245	68,336	68,336
Stock Broking Firms		26,112	26,112	26,304	26,304
Sales and Business Development		33,419	33,419	37,156	37,156
Settlement Banks		1,000	1,000	1,000	1,000
<b>Total</b>	18(a)	<b>177,956</b>	<b>177,956</b>	<b>136,471</b>	<b>136,471</b>
Impairment allowance for trade receivables	18(b)	(75,677)	(75,677)	(120,921)	(120,921)
<b>Total</b>		<b>102,279</b>	<b>102,279</b>	<b>15,550</b>	<b>15,550</b>

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<i>In thousands of Naira</i>	Notes	Carrying amount		Carrying amount	
		Group	Company	Group	Company
		31-Dec 2018	31-Dec 2018	31-Dec 2017	31-Dec 2017
<b>Other receivables</b>					
Staff debtors		1,827	1,827	1,322	1,322
Deposit for shares-NG Clearing Ltd		-	-	670,500	670,500
Amount due from NG Clearing Ltd		44,991	44,991	44,865	44,865
Sundry receivables		109,807	109,807	57,308	57,308
<b>Total</b>	19(a)	<b>156,625</b>	<b>156,625</b>	<b>773,995</b>	<b>773,995</b>
Impairment allowance for trade receivables	19(b)	(68,400)	(68,400)	-	-
<b>Total</b>		<b>88,225</b>	<b>88,225</b>	<b>773,995</b>	<b>773,995</b>

The movement in the allowance for impairment in respect of trade and other receivables was as follows:

<i>In thousands of Naira</i>	Other receivables			Trade receivables			
	Group	Company	Company	Group	Company	Group	Company
	31-Dec 2018	31-Dec 2018	31-Dec 2017	31-Dec 2018	31-Dec 2018	31-Dec 2017	31-Dec 2017
Balance as at 1 January	-	-	196,739	120,921	120,921	368,233	368,233
Adjustment on initial application of IFRS 9	-	-	-	(55,688)	(55,688)	-	-
Movement in the year	68,400	68,400	(196,739)	-	-	(247,312)	(247,312)
<b>Balance as at year end</b>	<b>68,400</b>	<b>68,400</b>	<b>-</b>	<b>65,233</b>	<b>65,233</b>	<b>120,921</b>	<b>120,921</b>
Movement in the year:							
Impairment charge on financial assets	68,400	68,400	-	-	-	25,651	25,651
Writeoffs on trade receivables	-	-	(196,739)	-	-	(252,450)	(252,450)
Writebacks on trade receivables	-	-	-	-	-	(20,513)	(20,513)
<b>Net movement in the year</b>	<b>68,400</b>	<b>68,400</b>	<b>(196,739)</b>	<b>-</b>	<b>-</b>	<b>(247,312)</b>	<b>(247,312)</b>

**Expected credit loss assessment as at 1 January and 31 December 2018**

The Group and Company allocate each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies.

The Group and Company use an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a large number of small balances.

Loss rates approach was adopted for the ECLs of trade receivables evaluating its historical loss experience. Loss rates are based on actual credit loss experience over the past seven years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group and Company's view of economic conditions over the expected lives of the receivables.

As at 31 December 2018, the ageing of trade receivables not impaired was as follows:

<i>In thousands of Naira</i>	Weighted- average loss rate	Gross carrying amount	Loss allowance	Credit Impaired
Trade receivables	43%	177,956	(75,677)	No
Other receivables*	43%	156,625	(68,400)	No
		<b>334,581</b>	<b>(144,077)</b>	

\* Other receivables was individually assessed due to its nature of transaction and the impairment loss was in line with expected credit loss model.

<i>In thousands of Naira</i>	Carrying amount			
	Group	Company	Group	Company
	31-Dec 2018	31-Dec 2018	31-Dec 2017	31-Dec 2017
Neither past due nor impaired 1 - 30 days	329	329	50	50
Neither past due nor impaired 31 - 90 days	9,623	9,623	1,463	1,463
Neither past due nor impaired 91 - 180 days	92,327	92,327	14,037	14,037
<b>Total</b>	<b>102,279</b>	<b>102,279</b>	<b>15,550</b>	<b>15,550</b>

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk.

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**(ii) Debt Securities**

The Group and Company limit their exposure to credit risk by investing only in debt securities with counterparties that have a minimum credit rating of BB by reputable rating agency. Management actively monitors credit ratings and ensures that the Group has only made investment in line with the Investment Policy Manual as approved by the Board which provides target allocations in fixed tenured investments.

The Group and Company held total investments of N29,547,862 (FVOCI - N7,193,947; Amortised Cost - N22,353,915) at 31 December 2018 (31 December 2017: AFS- N27,128,112) which represents its maximum credit exposure on Federal Government Treasury Bills, Federal Government Bonds, State Government Bonds and Corporate Bonds. These investment are measured in accordance with IFRS 9 from January 1, 2018.

As at 31 December 2018, the maximum exposure to credit risk for investments was as follows

In thousands of Naira	Notes	FVOCI		Amortised cost		FVOCI	
		Group	Company	Group	Company	Group	Company
		31-Dec 2018	31-Dec 2018	31-Dec 2018	31-Dec 2018	31-Dec 2017	31-Dec 2017
Treasury Bills	17(b)	5,879,813	5,879,813	-	-	5,418,936	5,418,936
Federal Government Bonds	17(a)	732,273	732,273	19,796,286	19,796,286	16,987,534	16,987,534
State Government Bonds	17(a)	416,307	416,307	2,523,247	2,523,247	3,441,061	3,441,061
Corporate Bonds	17(a)	176,613	176,613	-	-	1,280,581	1,280,581
Gross carrying amount		<b>7,205,006</b>	<b>7,205,006</b>	<b>22,319,533</b>	<b>22,319,533</b>	<b>27,128,112</b>	<b>27,128,112</b>
Impairment loss allowance		(9,412)	(9,412)	(34,382)	(34,382)	-	-
<b>Total</b>		<b>7,195,594</b>	<b>7,195,594</b>	<b>22,285,151</b>	<b>22,285,151</b>	<b>27,128,112</b>	<b>27,128,112</b>

**Movement in allowance for impairment**

In thousands of Naira	FVOCI		Amortised cost		FVOCI	
	Group	Company	Group	Company	Group	Company
	2018	2018	2018	2018	2017	2017
	12-month ECL		12-month ECL			
Balance at 1 January under IAS 39	-	-	-	-	-	-
Adjustment on initial application of IFRS 9	44,162	44,162	103,277	103,277	-	-
Impairment loss /(reversal) for the year	(9,779)	(9,779)	(93,865)	(93,865)	-	-
<b>Total</b>	<b>34,383</b>	<b>34,383</b>	<b>9,412</b>	<b>9,412</b>	<b>-</b>	<b>-</b>

There are two UBA senior unsecured bonds which matured during the year and hence significantly contributed to impairment reversal.

**(iii) Cash and cash equivalents**

The Group held cash and cash equivalents of N3.64 billion at 31 December 2018 (31 December 2017: N2 billion) which represents its maximum credit exposure on these assets. The cash and cash equivalents with maturity profile of less than 3 months, are held with local banks which are rated "BB" by reputable rating agency.

Impairment on cash and cash equivalents has been measured on 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. On initial adoption of IFRS 9 on 1 January 2018, an impairment allowance of N49million was recognized as an adjustment to opening retained earnings. The impairment allowance on cash and cash equivalent for the year ended 31 December 2018 was N12.74 million.

**(iv) Total exposure to credit risk**

The Group's exposure to credit risk was as follows:

In thousands of Naira	Notes	Group	Company	Group	Company
		31-Dec	31-Dec	31-Dec	31-Dec
		2018	2018	2017	2017
Trade receivables	18(a)	102,279	102,279	15,550	15,550
Other receivables	19(a)	88,225	88,225	773,995	773,995
Investment securities	17(a)(b)	22,319,533	22,319,533	27,128,112	27,128,112
Cash and cash equivalents	21	3,626,867	3,626,812	2,004,979	2,004,924
		<b>26,136,903</b>	<b>26,136,849</b>	<b>29,922,635</b>	<b>29,922,581</b>

**(b) Liquidity risk**

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

**Notes to the Consolidated and Separate financial statements**  
for the year ended 31 December 2018

The Group and Company maintain the level of its cash and cash equivalents and other highly marketable debt investments in excess of expected cash outflows on financial liabilities. The Group and Company also monitors the level of expected cash inflows from trade receivables and other receivables together with expected cash outflows on trade and other payables. The expected receivables from maturing treasury bills with maturity profiles of less than 3 months as at 31 December 2018 was N198.18million (31 December 2017: N97.9 million).

**Exposure to Liquidity Risk**

The following are the remaining contractual maturities of financial instruments at the reporting date. The amounts are gross and undiscounted and include estimated interest payments and exclude the impact of netting arrangements.

**Maturity Analysis**

**The Group**

**31 December 2018**

<i>In thousands of Naira</i>	Less than 3 months	3 months - 6 months	6 months - 1 year	Above 1 year	Contractual cash flow	Carrying amount
<b>Financial assets</b>						
Investment securities	3,253,019	635,646	2,789,018	22,870,178	29,547,862	29,547,862
Trade receivables	9,952	92,327	-	-	102,279	102,279
Other receivables	88,225	-	-	-	88,225	88,225
Cash and cash equivalents	3,626,867	-	-	-	3,626,867	3,626,867
<b>Total</b>	<b>6,978,062</b>	<b>727,973</b>	<b>2,789,018</b>	<b>22,870,178</b>	<b>33,365,232</b>	<b>33,365,232</b>
<b>Financial liabilities</b>						
Payables and accruals	405,457	-	-	-	405,457	405,457
Other liabilities	2,986,185	-	-	-	2,986,185	2,986,185
<b>Total</b>	<b>3,391,642</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,391,642</b>	<b>3,391,642</b>

**The Company**

**31 December 2018**

<i>In thousands of Naira</i>	Less than 3 months	3 months - 6 months	6 months - 1 year	Above 1 year	Contractual cash flow	Carrying amount
<b>Financial assets</b>						
Investment securities	3,253,019	635,646	2,789,018	22,870,178	29,547,862	29,547,862
Trade receivables	9,952	92,327	-	-	102,279	102,279
Other receivables	88,225	-	-	-	88,225	88,225
Cash and cash equivalents	3,626,812	-	-	-	3,626,812	3,626,812
<b>Total</b>	<b>6,978,007</b>	<b>727,973</b>	<b>2,789,018</b>	<b>22,870,178</b>	<b>33,365,178</b>	<b>33,365,178</b>
<b>Financial liabilities</b>						
Payables and accruals	405,457	-	-	-	405,457	405,457
Other liabilities	2,986,185	-	-	-	2,986,185	2,986,185
<b>Total</b>	<b>3,391,642</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,391,642</b>	<b>3,391,642</b>

**The Group**

**31 December 2017**

<i>In thousands of Naira</i>	Less than 3 months	3 months - 6 months	6 months - 1 year	Above 1 year	Contractual cash flow	Carrying amount
<b>Financial assets</b>						
Investment securities	863,184	2,404,418	3,129,381	20,841,849	27,238,833	27,238,833
Trade receivables	-	14,037	-	-	14,037	15,550
Other receivables	773,995	-	-	-	773,995	773,995
Cash and cash equivalents	2,004,979	-	-	-	2,004,979	2,004,979
<b>Total</b>	<b>3,642,158</b>	<b>2,418,455</b>	<b>3,129,381</b>	<b>20,841,849</b>	<b>30,031,843</b>	<b>30,033,358</b>
<b>Financial liabilities</b>						
Payables and accruals	282,649	-	-	-	282,649	282,649
Other liabilities	548,393	-	-	-	548,393	548,393
<b>Total</b>	<b>831,042</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>831,042</b>	<b>831,042</b>

Notes to the Consolidated and Separate financial statements  
for the year ended 31 December 2018

<b>The Company</b>						
<b>31 December 2017</b>						
<i>In thousands of Naira</i>	<b>Less than 3 months</b>	<b>3 months - 6 months</b>	<b>6 months - 1 year</b>	<b>Above 1 year</b>	<b>Contractual cash flow</b>	<b>Carrying amount</b>
<b>Financial assets</b>						
Investment securities	863,184	2,404,418	3,129,381	20,841,849	27,238,833	27,238,833
Trade receivables	-	14,037	-	-	14,037	15,550
Other receivables	773,995	-	-	-	773,995	773,995
Cash and cash equivalents	2,004,924	-	-	-	2,004,924	2,004,924
<b>Total</b>	<b>3,642,103</b>	<b>2,418,455</b>	<b>3,129,381</b>	<b>20,841,849</b>	<b>30,031,789</b>	<b>30,033,302</b>
<b>Financial liabilities</b>						
Payables and accruals	282,649	-	-	-	282,649	282,649
Other liabilities	548,393	-	-	-	548,393	548,393
<b>Total</b>	<b>831,042</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>831,042</b>	<b>831,042</b>

**(c) 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 Group and Company's income or value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters, while optimising the return. The Group and Company do not use derivatives to manage market risks.

**(i) Currency Risk**

The Group and Company is minimally exposed to the financial risk related to the fluctuation of foreign exchange rates. This is so because its revenues, capital expenditures are principally based in Naira. A significant change in the exchange rates between the Naira (₦) (functional and presentation currency) relative to the US dollar would have an insignificant effect on the Group and Company's results of operations, financial position and cash flows. The Group and Company do not enter into any forward exchange contracts to manage the currency risk fluctuations.

The table below summaries the Group and Company's financial instruments at carrying amount, categorised by currency

**The Group**

Financial instruments by currency as at 31 December 2018

<i>In thousands</i>	Note	Total	Naira	USD	GBP	Euro
<b>Financial assets</b>						
Investments	17	23,644,726	23,644,726	-	-	-
Trade receivables	18(a)	102,279	102,279	-	-	-
Other receivables	19(a)	88,225	88,225	-	-	-
Cash and cash equivalents	21	3,626,867	3,571,344	51,535	3,847	141
		<b>27,462,097</b>	<b>27,406,574</b>	<b>51,535</b>	<b>3,847</b>	<b>141</b>
<b>Financial liabilities</b>						
Payables and accruals	27	405,457	405,457	-	-	-
Other liabilities	28	2,986,185	2,986,185	-	-	-
		<b>3,391,642</b>	<b>3,391,642</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Open Position</b>		<b>24,070,455</b>	<b>24,014,932</b>	<b>51,535</b>	<b>3,847</b>	<b>141</b>

**The Company**

Financial instruments by currency as at 31 December 2018

<i>In thousands</i>	Note	Total	Naira	USD	GBP	Euro
<b>Financial assets</b>						
Investments	17	23,644,726	23,644,726	-	-	-
Trade receivables	18(a)	102,279	102,279	-	-	-
Other receivables	19(a)	88,225	88,225	-	-	-
Cash and cash equivalents	21	3,626,812	3,571,289	51,535	3,847	141
		<b>27,462,042</b>	<b>27,406,519</b>	<b>51,535</b>	<b>3,847</b>	<b>141</b>
<b>Financial liabilities</b>						
Payables and accruals	27	405,457	405,457	-	-	-
Other liabilities	28	2,986,185	2,986,185	-	-	-
		<b>3,391,642</b>	<b>3,391,642</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Open Position</b>		<b>24,070,400</b>	<b>24,014,877</b>	<b>51,535</b>	<b>3,847</b>	<b>141</b>

**Notes to the Consolidated and Separate financial statements**  
for the year ended 31 December 2018

**The Group**

Financial instruments by currency as at 31 December 2017

<i>In thousands</i>	Note	Total	Naira	USD	GBP	Euro
<b>Financial assets</b>						
Investments	17	27,128,112	27,128,112	-	-	-
Trade receivables	18(a)	15,550	15,550	-	-	-
Other receivables	19(a)	773,995	773,995	-	-	-
Cash and cash equivalents	21	2,004,979	1,798,903	202,097	3,838	142
		<b>29,922,636</b>	<b>29,716,560</b>	<b>202,097</b>	<b>3,838</b>	<b>142</b>
<b>Financial liabilities</b>						
Payables and accruals	27	282,649	282,649	-	-	-
Other liabilities	28	548,393	548,393	-	-	-
		<b>831,042</b>	<b>831,042</b>	-	-	-
<b>Net Open Position</b>		<b>29,091,594</b>	<b>28,885,518</b>	<b>202,097</b>	<b>3,838</b>	<b>142</b>

**The Company**

Financial instruments by currency as at 31 December 2017

<i>In thousands</i>	Note	Total	Naira	USD	GBP	Euro
<b>Financial assets</b>						
Investment securities	17	27,128,112	27,128,112	-	-	-
Trade receivables	18(a)	15,550	15,550	-	-	-
Other receivables	19(a)	773,995	773,995	-	-	-
Cash and cash equivalents	21	2,004,924	1,798,847	202,097	3,838	142
		<b>29,922,581</b>	<b>29,716,504</b>	<b>202,097</b>	<b>3,838</b>	<b>142</b>
<b>Financial liabilities</b>						
Payables and accruals	27	282,649	282,649	-	-	-
Other liabilities	28	548,393	548,393	-	-	-
		<b>831,042</b>	<b>831,042</b>	-	-	-
<b>Net Open Position</b>		<b>29,091,539</b>	<b>28,885,463</b>	<b>202,097</b>	<b>3,838</b>	<b>142</b>

The following significant exchange rates have been applied :

	Year end average rate		Year end spot rate	
	2018	2017	2018	2017
USD	363	475	360	366
GBP	507	555	458	555
EUR	462	460	410	514

The Group and Company sources its foreign currency needs from its bankers and parallel market. Based on history and evidence available, foreign currency needs are majorly sourced from the parallel market. Thus the weighted average rate was derived from a weighted average of the various official and autonomous sources rates' applicable at the reporting date.

**Foreign exchange risk sensitivity analysis**

The Group and Company's exposure to foreign currency risk is largely concentrated in US Dollar. Movement in exchange rate between the US Dollar, and the Nigerian Naira affects reported earnings statement of financial position size through increase or decrease in the remeasured amounts of assets and liabilities denominated in US Dollars.

<i>In thousands of Naira</i>	31 December 2018	31 December 2017
US dollar effect of 10% up or down movement on profit before tax and balance sheet	5,183	20,210
US dollar effect of 10% up or down movement on equity, net of tax	5,183	20,210



**Notes to the Consolidated and Separate financial statements**  
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**(ii) Interest rate risk**

The Group and Company adopt a policy of ensuring that significant percentage of investable funds are invested into fixed rate financial assets (treasury bills, federal government bonds and other bonds) in line with its investment policy. The Group and Company is exposed to interest rate shocks even though most of its investments are on fixed rate to maturity investment, however the Group and Company could still be exposed to interest risk if rate increased higher than the fixed rate. Other areas the Group and Company could be exposed to interest risk is the opportunity cost of market movement.

CSCS conducts sensitivity analysis to reveal or measure the sensitivity of its net interest rate income to shift of rates.

**Interest rate profile**

At the end of the reporting year the interest rate profile of the Group's interest bearing financial instruments as reported to the Management of the Group are as follows:

<i>In thousands of Naira</i>	Note	Group 2018	Company 2018	Group 2017	Company 2017
<b>Financial instruments</b>					
Cash and cash equivalents	21	3,619,147	3,619,092	2,004,689	2,004,634
Investment securities	17	29,524,539	29,524,539	27,128,112	27,128,112
		<b>33,143,686</b>	<b>33,143,631</b>	<b>29,132,801</b>	<b>29,132,746</b>

**Interest rate sensitivity:**

The table below shows the impact on the Company's profit before tax if interest rates on financial instruments had increased or decreased by 100 basis points, with all other variables held constant.

<i>In thousands of Naira</i>	Group 2018	Company 2018	Group 2017	Company 2017
Increase in interest rate by 100 basis points (+10%)	331,437	331,436	291,328	291,327
Decrease in interest rate by 100 basis points (-10%)	(331,437)	(331,436)	(291,328)	(291,327)

**(d) Capital Management**

The Group manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of its capital structure.

The capital structure of the Group consist of the following:

- Share capital
- Retained earnings
- Other reserves

Information relating to the Group's Capital Structure is disclosed in Note 25 to the consolidated and separate financial statements.

The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and risks associated with share capital.

**Capital risk management**

The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Equity includes all capital and reserves of the company that are managed as capital. The Securities and Exchange Commission ("SEC") sets and monitors capital requirements for all Securities Clearing and Settlement Companies (CSDs). SEC prescribes the minimum capital requirement for a Central Securities Depository (CSD) operating in Nigeria. The minimum capital requirement for a CSD is five hundred million naira (N500,000,000.00). The Group has a total equity of N31.5 billion as at 31 December 2018 (31 December 2017: N29.9 billion). This is well above the minimum capital requirement set by SEC.

**7 Segment Reporting**

An operating segment is a component of the Group that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group's Management Committee (being the chief operating decision maker) to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

The Group has three (3) identifiable segments and the following summary describes the operations in each of the these segments.

- i Operations: This Segment provides clearing and settlement services in regard to equities and other securities types including commercial papers traded on other recognized Exchange Platforms in the Nigerian Capital Market.
- ii Product and Services: This segment provides secondary data storage and disaster recovery in event of data loss to companies. It also stores securities used as collateral for credit facilities by companies.
- iii Treasury: This segment is responsible for investments and management of the Group's liquidity ensuring a balance between liquidity and profitability.

Notes to the Consolidated and Separate financial statements  
for the year ended 31 December 2018

<b>The Group</b>					
<b>31 December 2018</b>					
<i>In thousands of naira</i>	<b>Operations</b>	<b>Product and Services</b>	<b>Treasury</b>	<b>Unallocated segment</b>	<b>Total</b>
<b>Revenue:</b>					
Derived from external customers	4,604,629	153,070	4,217,582	-	8,975,281
Others	106,804	-	-	-	106,804
<b>Segment revenue</b>	<b>4,711,433</b>	<b>153,070</b>	<b>4,217,582</b>	<b>-</b>	<b>9,082,085</b>
<b>Expenses:</b>					
Personnel Expenses	(1,141,271)	(95,106)	(31,702)	-	(1,268,079)
Operating expenses	(1,246,738)	(67,391)	(33,696)	-	(1,347,825)
Depreciation and amortisation	(447,001)	(24,162)	(12,081)	-	(483,244)
Allowance for doubtful receivables	126,812	-	-	-	126,812
<b>Segment Expense</b>	<b>(2,708,198)</b>	<b>(186,659)</b>	<b>(77,479)</b>	<b>-</b>	<b>(2,972,336)</b>
Segment operating income before tax	2,003,235	(33,589)	4,140,103	-	6,109,749
Share of loss of equity-accounted investee	-	-	-	(18,405)	(18,405)
Income tax	-	-	-	(1,269,014)	(1,269,014)
<b>Profit after tax</b>	<b>2,003,235</b>	<b>(33,589)</b>	<b>4,140,103</b>	<b>(1,269,014)</b>	<b>4,822,330</b>

**31 December 2018**

**Assets and liabilities**

<i>In thousands of naira</i>	<b>Operations</b>	<b>Product and Services</b>	<b>Treasury</b>	<b>Unallocated segment</b>	<b>Total</b>
Total assets	32,269,138	2,689,095	896,365	-	35,854,598
Total liabilities	4,220,805	351,734	117,245	-	4,689,783
Net asset	28,048,334	2,337,361	779,120	-	31,164,815

**The Group**

**31 December 2017**

<i>In thousands of naira</i>	<b>Operations</b>	<b>Product and Services</b>	<b>Treasury</b>	<b>Unallocated segment</b>	<b>Total</b>
<b>Revenue:</b>					
Derived from external customers	4,313,721	65,725	4,162,744	-	8,542,190
Others	122,200	23,286	3,882	-	149,368
<b>Segment revenue</b>	<b>4,435,921</b>	<b>89,011</b>	<b>4,166,626</b>	<b>-</b>	<b>8,691,558</b>
<b>Expenses:</b>					
Personnel Expenses	(1,346,476)	(112,206)	(37,402)	-	(1,496,084)
Operating expenses	(1,250,759)	(47,111)	(18,718)	-	(1,316,588)
Depreciation and amortisation	(163,356)	(28,828)	-	-	(192,184)
Other operating expenses	(5,138)	-	-	-	(5,138)
<b>Segment Expense</b>	<b>(2,765,729)</b>	<b>(188,145)</b>	<b>(56,120)</b>	<b>-</b>	<b>(3,009,994)</b>
Segment operating income before tax	1,670,192	(99,134)	4,110,506	-	5,681,565
Share of loss of equity-accounted investee	-	-	-	(17,387)	(17,387)
Income tax expense	-	-	-	(683,576)	(683,576)
<b>Profit after tax</b>	<b>1,670,192</b>	<b>(99,134)</b>	<b>4,110,506</b>	<b>(700,963)</b>	<b>4,980,601</b>

**31 December 2017**

**Assets and liabilities**

<i>In thousands of naira</i>	<b>Operations</b>	<b>Product and Services</b>	<b>Treasury</b>	<b>Unallocated segment</b>	<b>Total</b>
Total asset	28,727,499	2,393,958	797,986	-	31,919,443
Total liabilities	1,860,255	155,021	51,674	-	2,066,950
Net asset	26,867,244	2,238,937	746,312	-	29,852,493

Notes to the Consolidated and Separate financial statements  
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8 Accounting classifications and fair values of financial assets and liabilities

The table below shows the carrying amounts and fair values of financial instruments measured at fair value, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The Group

31 December 2018

In thousands of Naira	Notes	Carrying amount				Fair value			Total fair value
		FVOCI	Amortized Cost	FVTPL	Total carrying amount	Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>									
- Treasury Bills	17(b)	5,879,813	-	-	5,879,813	5,879,813	-	-	5,879,813
- Federal Government Bonds	17(a)	732,273	19,796,286	-	20,528,559	20,528,559	-	-	20,528,559
- Corporate Government Bond	17(a)	176,613	2,523,247	-	2,699,860	2,699,860	-	-	2,699,860
- State Government Bonds	17(a)	416,307	-	-	416,307	416,307	-	-	416,307
		<b>7,205,006</b>	<b>22,319,533</b>	-	<b>29,524,539</b>	<b>29,524,539</b>	-	-	<b>29,524,539</b>
<b>Financial liabilities not measured at fair value</b>									
- Cash and cash equivalent	21	-	3,626,867	-	3,626,867	3,626,867	-	-	3,626,867
- Other receivables	19(a)	-	88,225	-	88,225	-	-	-	-
- Payables and accruals	27	-	-	405,457	405,457	-	-	-	-
- Other liabilities	28	-	-	2,986,185	2,986,185	-	-	-	-
		-	<b>3,715,092</b>	<b>3,391,642</b>	<b>7,106,734</b>	<b>3,626,867</b>	-	-	<b>3,626,867</b>

The Company

31 December 2018

In thousands of Naira	Notes	Carrying amount				Fair value			Total fair value
		FVOCI	Amortized Cost	FVTPL	Total carrying amount	Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>									
- Treasury Bills	17(b)	5,879,813	-	-	5,879,813	5,879,813	-	-	5,879,813
- Federal Government Bonds	17(a)	732,273	19,796,286	-	20,528,559	20,528,559	-	-	20,528,559
- Corporate Government Bond	17(a)	176,613	2,523,247	-	2,699,860	2,699,860	-	-	2,699,860
- State Government Bonds	17(a)	416,307	-	-	416,307	416,307	-	-	416,307
		<b>7,205,006</b>	<b>22,319,533</b>	-	<b>29,524,539</b>	<b>29,524,539</b>	-	-	<b>29,524,539</b>
<b>Financial liabilities not measured at fair value</b>									
- Payables and accruals	27	-	-	405,457	405,457	-	-	-	-
- Other liabilities	28	-	-	2,986,185	2,986,185	-	-	-	-
		-	-	<b>3,391,642</b>	<b>3,391,642</b>	-	-	-	-

The Group

31 December 2017

In thousands of Naira	Notes	Carrying amount				Fair value			Total fair value
		Available for Sale	Loans and receivables	Liabilities at amortised cost	Total carrying amount	Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>									
- Treasury Bills	17(b)	5,418,936	-	-	5,418,936	5,418,936	-	-	5,418,936
- Federal Government Bonds	17(a)	16,987,534	-	-	16,987,534	16,987,534	-	-	16,987,534
- Corporate Government Bond	17(a)	1,280,581	-	-	1,280,581	1,280,581	-	-	1,280,581
- State Government Bonds	17(a)	3,441,061	-	-	3,441,061	3,441,061	-	-	3,441,061
		<b>27,128,112</b>	-	-	<b>27,128,113</b>	<b>27,128,113</b>	-	-	<b>27,128,113</b>
<b>Financial liabilities not measured at fair value</b>									
- Cash and cash equivalent	21	-	2,004,979	-	2,004,979	2,004,979	-	-	2,004,979
- Other receivables	19(a)	-	773,995	-	773,995	-	-	-	-
- Payables and accruals	27	-	-	282,649	282,649	-	-	-	-
- Other liabilities	28	-	-	548,393	548,393	-	-	-	-
		-	<b>2,778,974</b>	<b>831,042</b>	<b>3,610,016</b>	<b>2,004,979</b>	-	-	<b>2,004,979</b>

Notes to the Consolidated and Separate financial statements  
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The Company  
31 December 2017

In thousands of Naira	Notes	Carrying amount				Fair value			Total fair value
		Available for Sale	Loans and receivables	Liabilities at amortised cost	Total carrying amount	Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>									
- Treasury Bills	17(b)	5,418,936	-	-	5,418,936	5,418,936	-	-	5,418,936
- Federal Government Bonds	17(a)	16,987,534	-	-	16,987,534	16,987,534	-	-	16,987,534
- Corporate Government Bond	17(a)	1,280,581	-	-	1,280,581	1,280,581	-	-	1,280,581
- State Government Bonds	17(a)	3,441,061	-	-	3,441,061	3,441,061	-	-	3,441,061
		<b>27,128,112</b>	-	-	<b>27,128,113</b>	<b>27,128,112</b>	-	-	<b>27,128,113</b>
<b>Financial liabilities not measured at fair value</b>									
- Payables and accruals	27	-	-	282,649	282,649	-	-	-	-
- Other liabilities	28	-	-	548,393	548,393	-	-	-	-
		-	-	<b>831,042</b>	<b>831,042</b>	-	-	-	-

Notes to the Consolidated and Separate financial statements  
for the year ended 31 December 2018

9 Revenue

	Group 31-Dec 2018	Company 31-Dec 2018	Group 31-Dec 2017	Company 31-Dec 2017
<i>In thousands of Naira</i>				
Eligibility fees	27,111	27,111	24,622	24,622
Depository fees	1,260,625	1,260,625	905,988	905,988
Transaction fees	3,316,893	3,316,893	3,383,111	3,383,111
<b>Total fees income</b>	<b>4,604,629</b>	<b>4,604,629</b>	<b>4,313,721</b>	<b>4,313,721</b>

10 Interest Income

	Group 31-Dec 2018	Company 31-Dec 2018	Group 31-Dec 2017	Company 31-Dec 2017
<i>In thousands of Naira</i>				
Interest income from:				
Fixed deposits	100,726	100,726	40,388	40,388
Treasury bills	970,243	970,243	1,547,068	1,547,068
Federal Government bonds	2,506,013	2,506,013	1,877,510	1,877,510
Corporate bonds	144,953	144,953	184,665	184,665
State bonds	495,647	495,647	513,113	513,113
<b>Total interest income</b>	<b>4,217,582</b>	<b>4,217,582</b>	<b>4,162,744</b>	<b>4,162,744</b>

The total amount of interest income on instruments measured at amortized cost for the Group and Company is N2.892bn (2017: N40.4m)

11 Other income

	Group 31-Dec 2018	Company 31-Dec 2018	Group 31-Dec 2017	Company 31-Dec 2017
<i>In thousands of Naira</i>				
Settlement Banks Participation Fees	20,000	20,000	18,000	18,000
Collateral management fees	40,257	40,257	10,342	10,342
Statement of stock position fees	16,015	16,015	9,876	9,876
Special Accounts Fee	11,776	11,776	4,056	4,056
Miscellaneous Income	831	831	9,254	9,254
Profit on disposal of property and equipment	11,366	11,366	3,882	3,882
Data centre subscriptions	24,344	24,344	5,984	5,984
Website subscription fees	35,778	35,778	15,362	15,362
X-Alert Fee	3,226	3,226	9,162	9,162
Nominal fees	89,686	89,686	96,490	96,490
Staff loan interest	-	-	246	246
Gain on investment disposal	-	-	28,517	28,517
DMO Services - FG Saving	1,695	1,695	1,817	1,817
Legal Entity Identifier Subscription	4,900	4,900	2,104	2,104
	<b>259,874</b>	<b>259,874</b>	<b>215,093</b>	<b>215,093</b>

Notes to the Consolidated and Separate financial statements  
for the year ended 31 December 2018

12 Expenses

12.1(i) Personnel Expenses

<i>In thousands of Naira</i>	Group	Company	Group	Company
	31 December	31 December	31 December	31 December
	2018	2018	2017	2017
Salaries and allowances	572,074	572,074	671,620	670,135
Staff training and development	64,557	64,557	38,154	38,154
Staff welfare and medical expenses	119,977	119,977	90,815	90,815
Performance Bonus (see note (i) below)	407,211	407,211	454,223	454,223
Defined Benefit Plan Expense(see note (ii) below)	34,299	34,299	181,891	181,891
Nigeria Social Insurance Trust Fund (NSITF)	2,539	2,539	2,150	2,150
Staff pension contribution (see note (iii) below)	67,422	67,422	57,231	56,511
	<b>1,268,079</b>	<b>1,268,079</b>	<b>1,496,084</b>	<b>1,493,879</b>

- (i) Performance bonus accrual for 2018 was made because the year to date result was above the required threshold of 85% weighted performance as provided for in the revised board approved staff incentive bonus scheme for the year ended 31 December 2018.
- (ii) Defined Benefit Plan is a terminal benefit (as approved by the Board) upon the expiration of the Managing Director's employment with the Group.
- (iii) The Company operates a funded defined contribution retirement scheme for its employees under the provision of the Pension Reform Act of 2014. The employer contributes 10% while the employee contributes 8% of the qualifying employee's salary. The Company does not have any additional legal or constructive obligation to pay further contributions if the Pension Fund Administrators do not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior years.

12.1(ii) Employee Information:

- (a) The average number of persons employed during the year were as follows:

	Group	Company	Group	Company
	31 December	31 December	31	31 December
	2018	2018	2017	2017
Executive Directors	1	1	1	1
Management	2	2	4	4
Non-management	91	91	96	96
	<b>94</b>	<b>94</b>	<b>101</b>	<b>101</b>

- (b) The directors who received fees and other emoluments (excluding pension contributions and reimbursable expenses) was:

<i>In thousands of Naira</i>	Group	Company	Group	Company
	31 December	31 December	31	31 December
	2018	2018	2017	2017
Chairman	12,083	12,083	12,500	12,500
Other non-executive directors	121,717	121,717	120,082	120,082
	<b>133,800</b>	<b>133,800</b>	<b>132,582</b>	<b>132,582</b>

The Directors remuneration as shown above includes:

<i>In thousands of Naira</i>	Group	Company	Group	Company
	31 December	31 December	31 December	31 December
	2018	2018	2017	2017
The Chairman	12,083	12,083	12,500	12,500
The highest paid director	12,700	12,700	15,603	15,603

Notes to the Consolidated and Separate financial statements  
for the year ended 31 December 2018

- (c) The number of directors who received fees and other emoluments (excluding pension contributions and reimbursable expenses) in the following ranges was:

	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
N1,000,000 - N5,000,000	1	1	-	-
N5,000,001 and above	11	11	11	11
	12	12	11	11

- (d) The employees of the Group, other than directors, who received remuneration in the following range (excluding pension contributions and other benefits) were:

	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
N60,000 - N1,000,000	-	-	-	-
N1,000,001 - N3,000,000	12	12	42	42
N3,000,001 - N6,000,000	53	53	40	40
N6,000,001 - N9,000,000	12	12	3	3
N9,000,001 and above	17	17	16	16
	94	94	101	101

12.2 Other Operating expenses

	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
<i>In thousands of Naira</i>				
Maintenance expenses	28,285	28,285	26,285	26,285
Office Running Expenses (see note (a) below)	319,759	319,759	241,873	241,824
Business Development (see note (b) below)	327,218	327,218	295,397	295,397
Board of Directors fees	123,829	123,829	132,916	132,916
Board of Directors expenses	240,682	240,682	383,148	383,148
Donations	31,032	31,032	18,193	18,193
Professional Fees	207,469	207,469	103,826	103,826
Audit Fees	20,000	20,000	20,000	20,000
Other miscellaneous expenses (see note (c) below)	20,648	20,648	13,848	13,848
Bank charges	13,417	13,417	12,221	12,221
Loss on foreign exchange	344	344	64,565	64,565
Industrial Training Fund	15,142	15,142	4,317	4,317
	<b>1,347,825</b>	<b>1,347,825</b>	<b>1,316,589</b>	<b>1,316,540</b>

- (a) Office running expenses represents expenses incurred in running the business efficiently which comprise rent and rates expense, subscription, insurance, printing and stationery, marketing and brand communication expense, and other administrative expenses.

(b) Business development expenses

Business development expenses can be analysed as follows:

	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
<i>In thousands of Naira</i>				
Data centre/IT Maintenance	136,458	136,458	129,063	129,063
Travelling	41,497	41,497	28,049	28,049
Business promotion/development	12,000	12,000	-	-
Digital centre services expenses	19,046	19,046	47,111	47,111
Software license fees	115,368	115,368	79,129	79,129
Legal Entity Identifier remittance	2,849	2,849	3,271	3,271
Project meridian - incidental expenses	-	-	8,774	8,774
	<b>327,218</b>	<b>327,218</b>	<b>295,397</b>	<b>295,397</b>

Notes to the Consolidated and Separate financial statements  
for the year ended 31 December 2018

(c) Other miscellaneous expenses

Other miscellaneous expenses can be analysed as follows:

<i>In thousands of Naira</i>	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Filing fees	287	287	183	183
Entertainment	3,012	3,012	1,477	1,477
AGM expenses	13,849	13,849	10,071	10,071
Investor Relations Expense	3,500	3,500	2,116	2,116
Investor Protection Scheme	-	-	1	1
	<b>20,648</b>	<b>20,648</b>	<b>13,848</b>	<b>13,848</b>

12.3 Depreciation and amortisation

<i>In thousands of Naira</i>	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Depreciation of property and equipment (See (15))	138,191	138,191	104,624	104,624
Amortisation of intangible assets (See (16))	345,053	345,053	87,560	87,560
	<b>483,244</b>	<b>483,244</b>	<b>192,184</b>	<b>192,184</b>

13 Taxation

13(a) Income tax expense

<i>In thousands of Naira</i>	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Corporate income tax	521,930	521,930	459,777	459,777
Excess dividend tax (see note (i) below)	595,682	595,682	147,318	147,318
Education tax	38,400	38,400	34,245	34,245
Information technology levy	61,301	61,301	56,838	56,838
<b>Income tax</b>	<b>1,217,313</b>	<b>1,217,313</b>	<b>698,178</b>	<b>698,178</b>
<b>Reversal of temporary differences - deferred tax</b>	<b>51,701</b>	<b>51,701</b>	<b>(14,602)</b>	<b>(14,602)</b>
	<b>1,269,014</b>	<b>1,269,014</b>	<b>683,576</b>	<b>683,576</b>

- (i) During the year, the Company was liable to excess dividend tax of N595.7 million representing 30% of N3.5 billion dividend paid over the income tax of N459.8 million recognized as tax expense in 2017.

Reconciliation of effective tax rate

*in thousands of Naira*

	31 December 2018		31 December 2017	
The Group	Tax rate	Amount	Tax rate	Amount
Profit before tax		6,091,344		5,664,177
Income tax using the domestic corporation tax rate	30.00%	1,827,403	30.00%	1,699,253
Non-deductible expenses	0.09%	5,517	0.10%	5,458
Non taxable income	-62.30%	(3,794,736)	-22.08%	(1,250,732)
Education tax	0.63%	38,400	0.60%	34,245
Impact of NITDA Levy	1.01%	61,301	1.00%	56,838
Excess Dividend Tax	9.78%	595,682	2.60%	147,318
Changes in estimates relate to prior years	-0.14%	(8,582)	-0.16%	(8,804)
	<b>-20.93%</b>	<b>1,269,014</b>	<b>12.06%</b>	<b>683,576</b>
The Company	Tax rate	Amount	Tax rate	Amount
Profit before tax		6,109,749		5,683,818
Income tax using the domestic corporation tax rate	30.00%	1,832,925	30.0%	1,705,145
Non-deductible expenses	0.09%	5,517	0.10%	5,458
Non taxable income	-62.20%	(3,800,257)	-22.11%	(1,256,624)
Education tax	0.63%	38,400	0.60%	34,245
Impact of NITDA Levy	1.00%	61,301	1.00%	56,838
Excess Dividend Tax	9.75%	595,682	2.59%	147,318
Changes in estimates relate to prior years	-0.14%	(8,582)	-0.15%	(8,804)
	<b>-20.87%</b>	<b>1,269,014</b>	<b>12.03%</b>	<b>683,576</b>



Notes to the Consolidated and Separate financial statements  
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13(b) Deferred tax (liabilities)/ assets:

Deferred tax (liabilities)/assets attributable to the following:

<i>In thousands of Naira</i>	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Property and equipment, and software	(70,953)	(70,953)	(54,474)	(54,474)
Trade receivables	22,702	22,702	114,189	114,189
Defined benefit plan	34,848	34,848	(21,417)	(21,417)
	<b>(13,403)</b>	<b>(13,403)</b>	<b>38,298</b>	<b>38,298</b>

Movement in deferred tax balances:

<i>In thousands of Naira</i>	Balance, beginning of year	Recognised in Profit or loss	Recognised in OCI	Balance, end of year	Deferred tax asset/(liabilities )
<b>31 December 2018</b>					
Property and equipment	(54,474)	(16,479)	-	(70,953)	(70,953)
Trade receivables	114,189	(91,487)	-	22,702	22,702
Defined benefit plan	(21,417)	56,265	-	34,848	34,848
Trade receivables	-	-	-	-	-
<b>Tax assets/(liabilities)</b>	<b>38,298</b>	<b>(51,701)</b>	<b>-</b>	<b>(13,403)</b>	<b>(13,403)</b>

<i>In thousands of Naira</i>	Balance, beginning of year	Recognised in Profit or loss	Recognised in OCI	Balance, end of year	Deferred tax asset/(liabilities )
<b>31 December 2017</b>					
Property and equipment	(39,596)	(14,878)	-	(54,474)	(54,474)
Trade receivables	114,189	-	-	114,189	114,189
Defined benefit plan	(54,573)	29,480	3,676	(21,417)	(21,417)
<b>Tax assets/(liabilities)</b>	<b>20,020</b>	<b>14,602</b>	<b>3,676</b>	<b>38,298</b>	<b>38,298</b>

13(c) Current Tax Liabilities

<i>In thousands of Naira</i>	Group 31-Dec 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Balance, beginning of year	582,765	582,765	286,177	286,177
Charge for the year (see note 13(a) above)	1,217,313	1,217,313	698,178	698,178
Payments during the year	(1,147,501)	(1,147,501)	(401,590)	(401,590)
<b>Balance, end of period</b>	<b>652,577</b>	<b>652,577</b>	<b>582,765</b>	<b>582,765</b>

14 Basic/Diluted earnings per share

The calculation of basic/diluted earnings per share at 31 December 2018 was based on the profit attributable to ordinary shareholders of N4.82 billion for the Group and N4.84 billion for the Company (31 December 2017: N4.98 billion for the Group and N5.00 billion for the Company) and an average number of ordinary shares outstanding of 5,000,000,000 (31 December 2017: 5,000,000,000).

<i>In thousands of Naira</i>	Group 31-Dec 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Profit attributable to ordinary shareholders	4,822,330	4,840,735	4,980,601	5,000,242
<i>In thousands of unit</i>				
Weighted average number of ordinary shares (basic/diluted)	5,000,000	5,000,000	5,000,000	5,000,000
Earnings per share (basic/diluted)- Kobo	96k	97k	100k	100k

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for the year ended 31 December 2018

15 Property and equipment  
The Group

<i>In thousands of Naira</i>	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Leasehold Improvement	Work-in-progress	Total
<b>Cost</b>							
Balance at 1 January 2017	245,780	131,850	164,000	811,304	72,185	295,476	1,720,595
Additions	90,000	910	26,754	18,245	3,284	-	139,193
Reclassification from WIP	-	-	-	84,259	-	(84,259)	-
Reclassification to Intangible	-	-	-	-	-	(211,217)	(211,217)
Disposals	(71,700)	(1,226)	(33,942)	-	-	-	(106,868)
<b>Balance at 31 December 2017</b>	<b>264,080</b>	<b>131,534</b>	<b>156,812</b>	<b>913,808</b>	<b>75,469</b>	<b>-</b>	<b>1,541,703</b>
Balance at 1 January 2018	264,080	131,534	156,812	913,808	75,469	-	1,541,703
Additions	160,324	19,658	212	51,089	-	156,030	387,313
Disposals	(91,935)	(14,693)	(37,866)	(57,287)	-	-	(201,781)
<b>Balance as at 31 December 2018</b>	<b>332,469</b>	<b>136,499</b>	<b>119,158</b>	<b>907,610</b>	<b>75,469</b>	<b>156,030</b>	<b>1,727,235</b>
<b>Accumulated depreciation and impairment</b>							
At 1 January 2017	160,070	95,707	115,303	737,602	36,099	-	1,144,781
Depreciation for the year	23,411	7,807	15,560	33,328	24,518	-	104,624
Disposals	(41,165)	(895)	(32,393)	-	-	-	(74,453)
<b>Balance at 31 December 2017</b>	<b>142,316</b>	<b>102,619</b>	<b>98,470</b>	<b>770,930</b>	<b>60,617</b>	<b>-</b>	<b>1,174,952</b>
<b>Accumulated depreciation and impairment</b>							
At 1 January 2018	142,316	102,619	98,470	770,930	60,617	-	1,174,952
Depreciation for the year	53,302	6,827	16,529	50,872	10,661	-	138,191
Disposals	(77,831)	(13,536)	(34,180)	(55,936)	-	-	(181,483)
<b>Balance as at 31 December 2018</b>	<b>117,787</b>	<b>95,910</b>	<b>80,819</b>	<b>765,866</b>	<b>71,278</b>	<b>-</b>	<b>1,131,660</b>
<b>Carrying amount as at 31 December 2017</b>	<b>121,764</b>	<b>28,915</b>	<b>58,342</b>	<b>142,878</b>	<b>14,852</b>	<b>-</b>	<b>366,751</b>
<b>Carrying amount as at 31 December 2018</b>	<b>214,682</b>	<b>40,589</b>	<b>38,339</b>	<b>141,744</b>	<b>4,191</b>	<b>156,030</b>	<b>595,575</b>

(a) There were no capitalised borrowing costs related to the acquisition of property and equipments during the year (2017: Nil)

(b) There were no capital commitments

The Company

<i>In thousands of Naira</i>	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Leasehold Improvement	Work-in-progress	Total
<b>Cost</b>							
Balance at 1 January 2017	245,780	131,850	164,000	811,304	72,185	295,476	1,720,595
Additions	90,000	910	26,754	18,245	3,284	-	139,193
Reclassification from WIP	-	-	-	84,259	-	(84,259)	-
Reclassification to Intangible	-	-	-	-	-	(211,217)	(211,217)
Disposals	(71,700)	(1,226)	(33,942)	-	-	-	(106,868)
<b>Balance at 31 December 2017</b>	<b>264,080</b>	<b>131,534</b>	<b>156,812</b>	<b>913,808</b>	<b>75,469</b>	<b>-</b>	<b>1,541,703</b>
Balance at 1 January 2018	264,080	131,534	156,812	913,808	75,469	-	1,541,703
Additions	160,324	19,658	212	51,089	-	156,030	387,313
Disposals	(91,935)	(14,693)	(37,866)	(57,287)	-	-	(201,781)
<b>Balance as at 31 December 2018</b>	<b>332,469</b>	<b>136,499</b>	<b>119,158</b>	<b>907,610</b>	<b>75,469</b>	<b>156,030</b>	<b>1,727,235</b>

**Accumulated depreciation and impairment**

At 1 January 2017	160,070	95,707	115,303	737,602	36,099	-	1,144,781
Depreciation for the year	23,411	7,807	15,560	33,328	24,518	-	104,624
Disposals	(41,165)	(895)	(32,393)	-	-	-	(74,453)
<b>Balance at 31 December 2017</b>	<b>142,316</b>	<b>102,619</b>	<b>98,470</b>	<b>770,930</b>	<b>60,617</b>	<b>-</b>	<b>1,174,952</b>
At 1 January 2018	142,316	102,619	98,470	770,930	60,617	-	1,174,952
Depreciation for the year	53,302	6,827	16,529	50,872	10,661	-	138,191
Disposals	(77,831)	(13,536)	(34,180)	(55,936)	-	-	(181,483)
<b>Balance as at 31 December 2018</b>	<b>117,787</b>	<b>95,910</b>	<b>80,819</b>	<b>765,866</b>	<b>71,278</b>	<b>-</b>	<b>1,131,660</b>
<b>Carrying amount as at 31 December 2017</b>	<b>121,764</b>	<b>28,915</b>	<b>58,342</b>	<b>142,878</b>	<b>14,852</b>	<b>-</b>	<b>366,751</b>
<b>Carrying amount as at 31 December 2018</b>	<b>214,682</b>	<b>40,589</b>	<b>38,339</b>	<b>141,744</b>	<b>4,191</b>	<b>156,030</b>	<b>595,575</b>

(a) There were no capitalised borrowing costs related to the acquisition of property and equipments during the year (2017: Nil)

(b) There were no capital commitments.

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16 Intangible assets

The Group

<i>In thousands of Naira</i>	Software	Software under development	Total
<b>Cost:</b>			
Balance at 1 January 2017	2,125,777	549,999	2,675,776
Additions	674,201	-	674,201
Reclassification from PPE	-	211,217	211,217
Reclassification during the year	742,818	(742,818)	-
<b>Balance as at 31 December 2017</b>	<b>3,542,796</b>	<b>18,398</b>	<b>3,561,194</b>

<i>In thousands of Naira</i>	Software	Software under development	Total
<b>Cost:</b>			
Balance as at 1 January 2018	3,542,796	18,398	3,561,194
Additions during the year	23,568	-	23,568
Reclassification during the year	2,700	(2,700)	-
<b>Balance as at 31 December 2018</b>	<b>3,569,064</b>	<b>15,698</b>	<b>3,584,762</b>

<b>Accumulated Amortisation:</b>			
Balance as at 1 January 2017	2,062,548	-	2,062,548
Amortisation charge for the year	87,560	-	87,560
Disposals	-	-	-
<b>Balance as at 31 December 2017</b>	<b>2,150,108</b>	<b>-</b>	<b>2,150,108</b>

<b>Accumulated Amortisation:</b>			
Balance as at 1 January 2018	2,150,108	-	2,150,108
Amortisation charge for the year	345,053	-	345,053
<b>Balance as at 31 December 2018</b>	<b>2,495,161</b>	<b>-</b>	<b>2,495,161</b>

Carrying amount:

<b>At 31 December 2017</b>	<b>1,392,688</b>	<b>18,398</b>	<b>1,411,086</b>
<b>At 31 December 2018</b>	<b>1,073,903</b>	<b>15,698</b>	<b>1,089,601</b>

The Company

<i>In thousands of Naira</i>	Software	Software under development	Total
<b>Cost:</b>			
Balance at 1 January 2017	2,125,777	549,999	2,675,776
Additions	674,201	-	674,201
Reclassification from PPE	-	211,217	211,217
Reclassification during the year	742,818	(742,818)	-
Disposals	-	-	-
<b>Balance as at 31 December 2017</b>	<b>3,542,796</b>	<b>18,398</b>	<b>3,561,194</b>

Balance as at 1 January 2018	3,542,796	18,398	3,561,194
Additions during the year	23,568	-	23,568
Reclassification during the year	2,700	(2,700)	-
<b>Balance as at 31 December 2018</b>	<b>3,569,064</b>	<b>15,698</b>	<b>3,584,762</b>

<b>Accumulated Amortisation:</b>			
Balance as at 1 January 2017	2,062,548	-	2,062,548
Amortisation charge for the year	87,560	-	87,560
Disposals	-	-	-
<b>Balance as at 31 December 2017</b>	<b>2,150,108</b>	<b>-</b>	<b>2,150,108</b>

Balance as at 1 January 2018	2,150,108	-	2,150,108
Amortisation charge for the year	345,053	-	345,053
<b>Balance as at 31 December 2018</b>	<b>2,495,161</b>	<b>-</b>	<b>2,495,161</b>

Carrying amount:

<b>At 31 December 2017</b>	<b>1,392,688</b>	<b>18,398</b>	<b>1,411,086</b>
<b>At 31 December 2018</b>	<b>1,073,903</b>	<b>15,698</b>	<b>1,089,601</b>

(a) There were no capitalised borrowing costs related to the acquisition of the intangible assets during the year

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17 Investment Securities

Investments can be analysed as follows:

17(a) Non-current investment securities

	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
<i>In thousands of Naira</i>				
Federal Government bonds	20,528,558	20,528,558	16,987,534	16,987,534
Corporate bonds	176,613	176,613	1,280,581	1,280,581
State Government bonds	2,939,554	2,939,554	3,441,061	3,441,061
<b>Total non-current investment securities</b>	<b>23,644,726</b>	<b>23,644,726</b>	<b>21,709,176</b>	<b>21,709,176</b>
<b>at Amortised cost</b>				
	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
<i>In thousands of Naira</i>				
Federal Government bonds	19,796,286	19,796,286	-	-
State Government bonds	2,523,247	2,523,247	-	-
<b>Total Amortised Cost Investment Securities</b>	<b>22,319,533</b>	<b>22,319,533</b>	-	-
<b>at Fair Value through Other Comprehensive Income</b>				
	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
<i>In thousands of Naira</i>				
Federal Government bonds	732,273	732,273	16,987,534	16,987,534
Corporate bonds	176,613	176,613	1,280,581	1,280,581
State Government bonds	416,307	416,307	3,441,061	3,441,061
<b>Total Amortised Cost Investment Securities</b>	<b>1,325,193</b>	<b>1,325,193</b>	<b>21,709,176</b>	<b>21,709,176</b>
<b>Total non-current investment securities</b>	<b>23,644,726</b>	<b>23,644,726</b>	<b>21,709,176</b>	<b>21,709,176</b>

17(b) Current investment securities

*In thousands of Naira*

	Group 31 December 2018 Amortized Cost & FVOCI	Company 31 December 2018 Amortized Cost & FVOCI	Group 31 December 2017 Available for Sale	Company 31 December 2017 Available for Sale
Treasury Bills	5,879,813	5,879,813	5,418,936	5,418,936
<b>Total current investment securities</b>	<b>5,879,813</b>	<b>5,879,813</b>	<b>5,418,936</b>	<b>5,418,936</b>

17(c) Fair Value through Other Comprehensive Income - Financial Instruments  
Per statement of profit or loss and other comprehensive income

	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
<i>In thousands of Naira</i>				
<b>Treasury Bills</b>				
Fair Value	5,879,813	5,879,813	5,418,936	5,418,936
Carrying Amount	5,899,529	5,899,529	5,301,288	5,301,288
<b>Fair Value (Loss)/Gain - See note 25(c)</b>	<b>(19,716)</b>	<b>(19,716)</b>	<b>117,648</b>	<b>117,648</b>
<b>Federal Government Bond</b>				
Fair Value	732,273	732,273	16,987,534	16,987,534
Carrying Amount	709,488	709,488	17,150,098	17,150,098
<b>Fair Value Loss</b>	<b>(22,786)</b>	<b>(22,786)</b>	<b>(162,564)</b>	<b>(162,564)</b>
<b>Corporate Bond</b>				
Fair Value	176,613	176,613	1,280,581	1,280,581
Carrying Amount	171,083	171,083	1,298,977	1,298,977
<b>Fair Value Gain/(Loss)</b>	<b>5,530</b>	<b>5,530</b>	<b>(18,396)</b>	<b>(18,396)</b>
<b>State Government Bond</b>				
Fair Value	416,307	416,307	3,441,061	3,441,061
Carrying Amount	446,731	446,731	3,531,278	3,531,278
<b>Fair Value Gain/(Loss)</b>	<b>30,424</b>	<b>30,424</b>	<b>(90,217)</b>	<b>(90,217)</b>
<b>Total fair value Gain/ (Loss) on Bonds -See note 25 (c)</b>	<b>13,168</b>	<b>13,168</b>	<b>(271,177)</b>	<b>(271,177)</b>

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The Investment Securities as at last year were classified as Available For Sale (AFS) but with the adoption of IFRS 9 are classified as Amortized Cost and Fair Value through Other Comprehensive Income. At the reporting date, all investment booked as FVOCI were marked to market and the change in fair value reported through Other Comprehensive Income.

18(a) Trade receivables

<i>In thousands of Naira</i>	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Trade receivables (See note (i) below)	177,956	177,956	136,471	136,471
Allowance for doubtful trade receivables (See note 18(b) below)	(75,677)	(75,677)	(120,921)	(120,921)
<b>Net Carrying amount</b>	<b>102,279</b>	<b>102,279</b>	<b>15,550</b>	<b>15,550</b>
<b>Current Assets</b>	<b>102,279</b>	<b>102,279</b>	<b>15,550</b>	<b>15,550</b>

18(b) Impairment allowance on trade receivables

<i>In thousands of Naira</i>	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Balance, beginning of year	120,921	120,921	368,233	368,233
IFRS 9 Transition adjustment	(55,688)	(55,688)	-	-
Charge during the year	10,444	10,444	25,651	25,651
Allowances no longer required	-	-	(20,513)	(20,513)
<b>Net (reversal)/charge for the year</b>	<b>10,444</b>	<b>10,444</b>	<b>5,138</b>	<b>5,138</b>
Write offs	-	-	(252,450)	(252,450)
<b>Balance, end of year</b>	<b>75,677</b>	<b>75,677</b>	<b>120,921</b>	<b>120,921</b>

19(a) Other assets

<i>In thousands of Naira</i>	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
<b>Financial assets</b>				
Staff Debtors	1,827	1,827	1,322	1,322
Amount due from NG Clearing Ltd	44,991	44,991	44,865	44,865
Deposit for shares-NG Clearing Ltd (see note (i) below)	-	-	670,500	670,500
Other receivables	109,807	109,807	57,308	57,308
<b>Gross financial assets</b>	<b>156,625</b>	<b>156,625</b>	<b>773,995</b>	<b>773,995</b>
Allowance for doubtful other receivables (see note 19(b) below)	(68,400)	(68,400)	-	-
<b>Net financial assets</b>	<b>88,225</b>	<b>88,225</b>	<b>773,995</b>	<b>773,995</b>
<b>Non-financial assets</b>				
Withholding tax recoverable	6,763	6,763	16,253	16,253
Stock Account	281	281	328	328
Prepayment	220,062	207,728	153,006	140,672
Sundry stock	9,049	9,049	9,323	9,323
<b>Total non-financial assets</b>	<b>236,155</b>	<b>223,821</b>	<b>178,910</b>	<b>166,576</b>
<b>Total other assets</b>	<b>324,380</b>	<b>312,046</b>	<b>952,905</b>	<b>940,571</b>

(i) The Deposit for shares-NG Clearing Ltd represents the value of the total investment made in the company as at year end.

19(b) Impairment allowance on other assets

<i>In thousands of Naira</i>	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Balance, beginning of year	-	-	196,739	196,739
Charge during the year	68,400	68,400	-	-
Write-off (see note (i) below)	-	-	(196,739)	(196,739)
<b>Balance, end of year</b>	<b>68,400</b>	<b>68,400</b>	<b>-</b>	<b>-</b>

(i) In 2017, the Board approved the write-off of some other assets as they were considered permanently impaired.

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20 Impairment (reversal)/loss on financial assets

<i>In thousands of Naira</i>	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Impairment (reversal)/loss on trade receivables (Note 18(b))	10,444	10,444	5,138	5,138
Impairment reversal on investment securities	(137,256)	(137,256)	-	-
	<b>(126,812)</b>	<b>(126,812)</b>	<b>5,138</b>	<b>5,138</b>

21 Cash and cash equivalents

<i>In thousands of Naira</i>	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Cash at hand	7,720	7,720	290	290
Balances with banks	3,000,945	3,000,890	320,393	320,338
Fixed deposits	320,289	320,289	1,684,296	1,684,296
Treasury bills with original maturity period of 90 days or less	297,913	297,913	-	-
<b>Carrying amount</b>	<b>3,626,867</b>	<b>3,626,812</b>	<b>2,004,979</b>	<b>2,004,924</b>
<b>Current Assets</b>	<b>3,626,867</b>	<b>3,626,812</b>	<b>2,004,979</b>	<b>2,004,924</b>

22 Intercompany receivables

<i>In thousands of Naira</i>	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Intercompany receivables (See note a)	-	34,511	-	34,511
<b>Carrying amount</b>	<b>-</b>	<b>34,511</b>	<b>-</b>	<b>34,511</b>
<b>Non-current Assets</b>	<b>-</b>	<b>34,511</b>	<b>-</b>	<b>34,511</b>

- (a) Intercompany receivables represent amount receivable from the Company's subsidiary, Insurance Repository Nigeria Limited for payments made by the Company with respect to the pre-operational expenses incurred on behalf of the subsidiary.

23 Equity-accounted investee

<i>In thousands of Naira</i>	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Investment in Associate - NG Clearing Limited (See note 23(a) below)	1,762	670,500	19,149	62,500
Investment in Associate - NG Clearing Limited (See note 23(a) below)	608,000	-	-	-
Share of loss from joint venture(b)	(18,405)	-	(17,387)	-
<b>Carrying amount</b>	<b>591,357</b>	<b>670,500</b>	<b>1,762</b>	<b>62,500</b>
<b>Non-current Assets</b>	<b>591,357</b>	<b>670,500</b>	<b>1,762</b>	<b>62,500</b>

(a) Investment in Associate - NG Clearing Limited

NG Clearing Limited is an associate company in which the Company has 22.6% ownership interest (2017: 50%). It is principally established to operate clearing house(s) for the clearance and settlement of transactions in financial securities and derivatives contracts. The Company was incorporated in the year 2016 and has not commenced operations. The consolidation of NG Clearing Limited in the books of the group ceases to apply. The pre-operational expenses on behalf of NG Clearing Limited are accounted as receivables due from NG Clearing Limited. Note 23(b) summarises the financial information for NG Clearing Limited.

Total amount recognised in profit or loss is as follows

<i>In thousands of Naira</i>	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Share of loss from NG Clearing Limited	(18,405)	-	(17,387)	-
<b>Carrying amount</b>	<b>(18,405)</b>	<b>-</b>	<b>(17,387)</b>	<b>-</b>

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(b) Share of loss from associate

<i>In thousands of Naira</i>	31 December 2018	31 December 2017
<b>Percentage ownership interest</b>	<b>22.6%</b>	<b>50%</b>
Total Asset	3,237,201	125,000
Total Liabilities	(226,475)	(145,064)
<b>Net Asset (100%)</b>	<b>3,010,726</b>	<b>(20,064)</b>
Groups's share of net asset	591,357	1,762
<b>Carrying Amount of interest in associate</b>	<b>591,357</b>	<b>1,762</b>
Total Expense	(81,438)	(34,774)
<b>Group's share of accumulated loss</b>	<b>(18,405)</b>	<b>(17,387)</b>

24 Investment in subsidiary

<i>In thousands of Naira</i>	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Insurance Repository Nigeria Limited	-	10,000	-	10,000
<b>Carrying amount</b>	<b>-</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>

The Company has a 99.9% holding in Insurance Repository Nigeria Limited. Insurance Repository Nigeria Limited was incorporated in Nigeria and was yet to commence operations as at 31 December 2018. Its principal objective is to enhance the record keeping of insurance data and policies.

25 Capital and reserves

25(a) Share Capital

Share capital - Authorised

<i>In thousands of unit</i>	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
5,000,000,000 ordinary shares of N1 each	5,000,000	5,000,000	5,000,000	5,000,000
<b>Share capital - in issue at 31 December - fully paid</b>				
Ordinary share in issue and fully paid at 1 January	5,000,000	5,000,000	5,000,000	5,000,000

(b) Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current year profit attributable to shareholders.

(c) Fair value Reserves

The fair value reserves comprises:

-the cumulative net change in the fair value of debt securities designated at FVOCI (2017: Available-for-sale financial assets) until the assets are derecognized or reclassified. This amount is reduced by the amount of loss allowance.

Analysis of fair value reserves are as follows:

<i>In thousands of Naira</i>	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Opening fair value reserves (loss)	153,529	153,529	-	-
Debt Instruments at FVOCI -Reclassified to amortized cost (See note (i) below)	(12,090)	(12,090)	-	-
ECL on FVOCI at start of year	(103,277)	(103,277)	-	-
Adjusted value on initial recognition of IFRS 9	38,162	38,162	-	-
Fair value (gain)/loss on FVOCI Treasury Bills -See note 17(c)	19,716	19,716	271,177	271,177
Fair value (gain)/ loss on FVOCI Bonds- See note 17(c)	(13,168)	(13,168)	(117,648)	(117,648)
Reversal of prior year fair value gains on derecognition of FVOCI Assets	(115,867)	(115,867)	-	-
ECL on FVOCI at year end (see note (ii) below)	93,865	93,865	-	-
Debt Instruments at FVOCI- net change in fair value	(15,453)	(15,453)	153,529	153,529
<b>Closing fair value reserves (loss)</b>	<b>22,708</b>	<b>22,708</b>	<b>153,529</b>	<b>153,529</b>



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- i) The Company reclassified some of its bond investments from FVOCI to amortized cost due to the adoption of IFRS 9. This resulted in reversal of previously recognized fair value losses.

	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Movement in opening balance <i>In thousands of naira</i>				
Reversal of fair value loss on amortized cost bonds	(12,090)	(12,090)	-	-
	(12,090)	(12,090)	-	-

- ii) This represents ECL adjustments on FVOCI financial assets

26 Intercompany payables

	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
<i>In thousands of Naira</i>				
Insurance Repository Nigeria Limited (See note (a) below)	-	10,000	-	10,000
Carrying amount	-	10,000	-	10,000

- (a) Intercompany payables represents amount payable to the Company's subsidiary, Insurance Repository Nigeria Limited for purchase of the subsidiary's shares.

27 Payables and accruals

	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
<i>In thousands of Naira</i>				
<b>Financial liabilities</b>				
Sundry creditors	137,260	137,260	192,709	192,709
Accruals	249,612	249,612	14,065	14,065
NG Clearing Limited	-	-	62,500	62,500
Audit fees	18,585	18,585	13,375	13,375
<b>Total other financial liabilities</b>	<b>405,457</b>	<b>405,457</b>	<b>282,649</b>	<b>282,649</b>
<b>Non-financial liabilities</b>				
National Housing Fund	676	676	485	485
Staff pension fund	3,772	3,772	102	102
Staff productivity bonus	407,211	407,211	454,223	454,223
Unearned income	55,757	55,757	66,834	66,834
<b>Total other non-financial liabilities</b>	<b>467,416</b>	<b>467,416</b>	<b>521,644</b>	<b>521,644</b>
<b>Total payables and accruals</b>	<b>872,873</b>	<b>872,873</b>	<b>804,293</b>	<b>804,293</b>

28 Other liabilities

	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
<i>In thousands of Naira</i>				
<b>Financial liabilities</b>				
Unclaimed Dividends (see note (i))	63,926	63,926	55,090	55,090
Depository fee Suspense	28,943	28,943	-	-
Deposit for Repo	2,633,534	2,633,534	-	-
CSCS Individual Divestment	1,290	1,290	1,290	1,290
CSCS Share Buy-Back	32,901	32,901	365	365
Exchange Traded Fund Distribution Accounts	11,658	11,658	7,308	7,308
Amount due to Adonai Net	7,692	7,692	7,692	7,692
Amount due to Investment & Securities Tribunal (see note (ii))	89,751	89,751	118,072	118,072
Defined benefits liability (see note (iii))	116,158	116,158	358,344	358,344
Managed funds	332	332	232	232
	<b>2,986,185</b>	<b>2,986,185</b>	<b>548,393</b>	<b>548,393</b>
<b>Indirect Tax</b>				
PAYE liability	94,884	94,884	68,994	68,994
Withholding tax liability	16,788	16,788	13,240	13,240
Value Added Tax liability	53,073	53,073	49,265	49,265
<b>Indirect Tax</b>	<b>164,745</b>	<b>164,745</b>	<b>131,499</b>	<b>131,499</b>
	<b>3,150,930</b>	<b>3,150,930</b>	<b>679,892</b>	<b>679,892</b>

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- (i) The balance of the unclaimed dividend is fixed with Fidelity Bank Plc and a total of N5.212 million was earned as interest income on amount during the period.  
(ii) In October 2014, the Ministry of Finance directed that CSCS (including NSE and SEC) should contribute 10% of its transaction fees on trades executed on The Nigerian Stock Exchange to Investment and Securities Tribunal. The balance represents amount due for the last quarter of 2018.  
(iii) The defined benefits liability is made up of:

<i>In thousands of Naira</i>	<b>Group 31 December 2018</b>	<b>Company 31 December 2018</b>	<b>Group 31 December 2017</b>	<b>Company 31 December 2017</b>
Gratuity (Terminated)	81,859	81,859	358,344	358,344
Terminal benefits	34,299	34,299	-	-
<b>Total defined benefits</b>	<b>116,158</b>	<b>116,158</b>	<b>358,344</b>	<b>358,344</b>

**29 Pension plan and other employment benefits**

**29.1 Defined contribution plan**

All the employees of the Group qualify for the contributory pension scheme of Nigeria. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. Pension contribution of a percentage of employees emoluments (10% by the employer and 8% by the employees) are made in accordance with the Pension Reform Act 2014.

The total expense recognized in profit or loss was N67.42million for the Group and N67.42million for the Company (2017: N57.23million for the Group and N56.51million for the Company) represent contributions payable to these plans by the Group and Company at the rates specified in accordance with the Pension Reform Act 2014 (amended).

**29.2 Defined benefit plan**

At its meeting of 7 November, 2012, the Board of Directors of the Company resolved to establish a Long Term Severance Benefit Scheme in order to make provisions for the terminal payments to staff upon exit from the employment of the Company. On 11 December, 2013, the Board approved the details of the Scheme as presented by the Management. The Scheme entitles employees to 50% of their Annual Total Emolument as at the date of retirement on completion of five years continuous employment. The entitlement increases at the rate of 10% each year but to a maximum of 100% for years of service more than 10 years and 0% for years of services less than 5 years. Amount contributed in each year into the scheme is expensed in the year in which they are due. The defined benefit plan is administered by the Company but the funds are managed by Capital Express Assurance Company Plc. and UTIB Insurance Brokers Limited as Advisers. The fund administrators are legally separate from the Group. However, on 14 November 2017 the Board resolved to terminate the Scheme and approved that all provisions made for individual staff in employment as at that date be paid to them. As at that date the total amount in the Scheme was N420.56million while amount due to staff concerned was N358.34million. As at 31 December 2018, the balance due to However, the Managing Director is entitled to a terminal benefit (as approved by the Board) upon his exit and the expiration of his employment with the Group. The terminal benefit shall be 33% of his annual benefit which shall be set aside and reported in the Group's yearly Financial Account. As at 31 December 2018, the amount provided is N34.299.

The sum of the outstanding long-term severance benefit scheme and the terminal benefit provided for is N116.158 million and this has been included in Other liabilities

Analysis of the amount charged to statement of profit or loss and other comprehensive income and statement of financial position for the prior year is shown below:

**(i) Per statement of profit or loss and other comprehensive income**

<i>In thousands of Naira</i>	<b>Group 31 December 2018</b>	<b>Company 31 December 2018</b>	<b>Group 31 December 2017</b>	<b>Company 31 December 2017</b>
<b>Statement of profit or loss:</b>				
Current service cost	34,299	34,299	(7,246)	(7,246)
Net interest income	-	-	24,019	24,019
Settlement loss on DBO	-	-	(198,663)	(198,663)
<b>Total in profit or loss</b>	<b>34,299</b>	<b>34,299</b>	<b>(181,890)</b>	<b>(181,890)</b>
Actuarial gains and losses arising from changes in financial assumptions and experience	-	-	(12,252)	(12,252)
Remeasurement of planned assets	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(12,252)</b>	<b>(12,252)</b>
Deferred tax impact	-	-	3,676	3,676
<b>Total in other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(8,576)</b>	<b>(8,576)</b>

**30 Events after the reporting date**

There are no events after the reporting date events that could have had a material effect on the financial position and performance of the Group and Company as at 31 December 2018 which have not been adequately provided for or disclosed.

**31 Contingent liabilities**

There are pending litigations against the Company some of which the Company is only a nominal party. Contingent liability as at 31 December 2018 stood at N2,509,592,928.50 (31 December 2017: N2,463,599,344.30). However, the directors are of the opinion that the various suits will not succeed against the Company.

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**32 Capital commitments**

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

**33 Related Parties**

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 other party controls both. The definition includes subsidiaries, associates, joint ventures, as well as key management personnel.

**Associate**

Transactions with the Nigerian Stock Exchange also meet the definition of related party transactions, as Central Securities Clearing System Plc is an associate of the Nigerian Stock Exchange. The transactions includes: rent and x-alert handling charges held by CSCS on behalf of the Nigerian Stock Exchange.

<i>In thousands of Naira</i>			31 December 2018	31 December 2017
Name of company / Individual	Relationship	Transaction type	Amount	Amount
The Nigerian Stock Exchange	Associate	Expenses	70,742	57,890
The Nigerian Stock Exchange	Associate	Payables	1,226	931
The Nigerian Stock Exchange	Associate	Dividend paid	858,129	286,043
			<b>930,096</b>	<b>344,864</b>

**Transactions with key management personnel**

The Company's 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 Group. Close members of family are those family members who may be expected to influence, or be influenced by those individuals in their dealings with the Group.

**Key management personnel compensation**

Compensation to the Company's key management personnel include salaries, non-cash benefits and contributions to the post-employment defined contribution plans. Executive directors are subject to a mutual term of notice of 3 months. Upon resignation at the Company's request, they are entitled to termination benefits of up to 12 months' total remuneration. If they resign on their own they receive 50% of their salary and an additional 20% for each year in service.

**Key management personnel compensation comprise:**

<i>In thousands of Naira</i>	31 December 2018	31 December 2017
Executive compensation	13,333	13,333
Post-employment benefits	-	-
Directors sitting allowances	49,420	49,420
Directors allowances	83,163	453,310
	<b>145,916</b>	<b>516,063</b>

Compensation of the Company's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan (see notes 12.1 and note 29).

**Key management personnel and director transactions**

The value of transactions with key management personnel and entities over which they have control or significant influence were as follows:

**Income**

Included in income is an amount of N223 million (31 December 2017: N170 million) representing depository fees, eligibility fees, settlement participation fees and website subscription fees earned by CSCS from companies in which certain Directors have interests. The details of the income as well as the balances outstanding in receivables as at 31 December 2018 were as follows:

*In thousands of Naira*

Name of company / Individual	Name of Directors related to the companies			Transaction type	Amount	Outstanding balance in trade receivables as at 31 December 2018
	Relationship					
Compass Securities Ltd	Emeka Chimezie Madubuike	Director	Eligibility fee	54	-	
Capital Assets Ltd	Ariyo Olushekun	Director	Eligibility fee	54	-	
AXA Mansard Plc	Olusola Adeeyo	Director	Depository fee	2,660	-	
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	Depository fee	4,560	434	
Nigerian Breweries	Ifueko Omoigui Okauru	Independent Director	Depository fee	101,081	-	
Seplat Petroleum Development Company	Ifueko Omoigui Okauru	Independent Director	Depository fee	37,048	-	
United Bank of Africa Plc	Uche Ike	Director	Depository fee	36,987	1,868	
Access Bank Plc	Roosevelt Ogbonna	Director	LEI Subscription	13	-	
AXA Mansard Plc	Olusola Adeeyo	Director	LEI Subscription	13	-	
Capital Assets Ltd	Ariyo Olushekun	Director	LEI Subscription	13	-	

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Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	LEI Subscription	13	-
Nigerian Breweries	Ifueko Omoigui Okauru	Independent Director	LEI Subscription	13	-
Seplat Petroleum Development Company	Ifueko Omoigui Okauru	Independent Director	LEI Subscription	13	-
Sterling Bank Plc	Mudathir O. Lawal	Director	LEI Subscription	13	-
UBA Plc	Uche Ike	Director	LEI Subscription	13	-
Compass Securities Ltd	Emeka Chimezie Madubuikε	Director	LEI Subscription	13	-
Access Bank Plc	Roosevelt Ogbonna	Director	Lien Placement	150	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	Lien Placement	109	-
Sterling Bank Plc	Mudathir O. Lawal	Director	Lien Placement	25	-
UBA Plc	Uche Ike	Director	Lien Placement	2	-
Capital Assets Ltd	Ariyo Olushekun	Director	Website Subscription	50	-
Compass Securities Ltd	Emeka Chimezie Madubuikε	Director	Website Subscription	50	-
Nigerian Breweries	Ifueko Omoigui Okauru	Independent Director	Paper OTC	250	-
Access Bank Plc	Roosevelt Ogbonna	Director	Transactions Settlement Bank	51	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	Part Fees Settlement Bank	1,000	-
Access Bank Plc	Roosevelt Ogbonna	Director	Part Fees Settlement Bank	1,000	-
United Bank of Africa Plc	Uche Ike	Director	Part Fees Settlement Bank	1,000	-
Sterling Bank Plc	Mudathir O. Lawal	Director	Part Fees	1,000	-
				<b>187,243</b>	<b>2,302</b>

In thousands of Naira

Name of company / Individual	Name of Directors related to the companies	Relationship	Transaction type	Amount	Outstanding balance in trade receivables as at 31 December 2017
Compass Securities Ltd	Emeka Chimezie Madubuikε	Director	Eligibility fee	25	25
Capital Assets Ltd	Ariyo Olushekun	Director	Eligibility fee	25	-
AXA Mansard Plc	Olusola Adeeyo	Director	Depository fee	2,244	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Director	Depository fee	2,606	3,043
Nigerian Breweries	Ifueko Omoigui Okauru	Director	Depository fee	102,062	5,103
Seplat Petroleum Development Company	Ifueko Omoigui Okauru	Independent Director	Depository fee	20,287	-
United Bank of Africa Plc	Uche Ike	Director	Depository fee	16,418	1,617
Access Bank Plc	Roosevelt Ogbonna	Director	Depository fee	16,554	337
Sterling Bank Plc	Mudathir O. Lawal	Director	Depository fee	2,483	-
Access Bank Plc	Roosevelt Ogbonna	Director	LEI Subscription	13	-
AXA Mansard Plc	Olusola Adeeyo	Director	LEI Subscription	13	-
Capital Assets Ltd	Ariyo Olushekun	Director	LEI Subscription	53	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	LEI Subscription	13	-
Nigerian Breweries	Ifueko Omoigui Okauru	Independent Director	LEI Subscription	13	-
Seplat Petroleum Development Company	Ifueko Omoigui Okauru	Independent Director	LEI Subscription	13	-
Sterling Bank Plc	Mudathir O. Lawal	Director	LEI Subscription	13	-
UBA Plc	Uche Ike	Director	LEI Subscription	13	-
Access Bank Plc	Roosevelt Ogbonna	Director	Lien Placement	150	-

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		Independent				
Diamond Bank Plc	Ifueko Omoigui Okauru	Director	Lien Placement	109	-	
Sterling Bank Plc	Mudathir O. Lawal	Director	Lien Placement	25	-	
UBA Plc	Uche Ike	Director	Lien Placement	2	-	
			Website			
Capital Assets Ltd	Ariyo Olushekun	Director	Subscription	50	-	
		Independent	Commercial			
Nigerian Breweries	Ifueko Omoigui Okauru	Director	Paper	250	-	
		Independent	OTC			
Diamond Bank Plc	Ifueko Omoigui Okauru	Director	Transactions	21	21	
			OTC			
AXA Mansard Plc	Olusola Adeeyo	Director	Transactions	41	2	
			OTC			
Access Bank Plc	Roosevelt Ogbonna	Director	Transactions	320	260	
		Independent	OTC			
Seplat Petroleum Development Company	Ifueko Omoigui Okauru	Director	Transactions	1,531	-	
		Independent	Settlement Bank			
Diamond Bank Plc	Ifueko Omoigui Okauru	Director	Part Fees	1,000	-	
			Settlement Bank			
Access Bank Plc	Roosevelt Ogbonna	Director	Part Fees	1,000	-	
			Settlement Bank			
United Bank of Africa Plc	Uche Ike	Director	Part Fees	1,000	-	
			Settlement Bank			
Sterling Bank Plc	Mudathir O. Lawal	Director	Part Fees	1,000	-	
			Document			
Verod Capital Ltd	Eric Idiahi	Independent Director	Management	694	-	
				<b>170,037</b>	<b>10,408</b>	

**Prepayments**

Included in prepayment is an amount of N45.4 million (31 December 2017: N39.1 million) representing balances on prepaid transport allowances to directors.

**Bank balances**

Included in cash and cash equivalent is an amount of N325.7 million (31 December 2017: N609.21 million) representing current account balances belonging to CSCS with Banks in which certain Directors have interests. The balances as at 31 December 2018 were as follows:

<i>In thousands of Naira</i>				<b>31 December 2018</b>	
<b>Name of company / Individual</b>	<b>Name of Directors</b>	<b>Relationship</b>	<b>Transaction type</b>	<b>Amount</b>	
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Current account	205,130	
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Collection account	96	
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Settlement Account	55,003	
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Call Account	20	
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Trade Alert	166	
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Trade Alert - VAT	8	
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Domicillary-USD	51,831	
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Domicillary-GBP	3,894	
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Domicillary-EURO	142	
Sterling Bank Plc	Kayode Lawal	Shareholder/Director	Current account	388	
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	Current account	21	
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	POS Collection account	1,153	
Fidelity Bank Plc	Not Applicable	Shareholder	Current account	944	
Fidelity Bank Plc	Not Applicable	Shareholder	Collection account	256	
			Vetiva Griffin		
Fidelity Bank Plc	Not Applicable	Shareholder	ETF	1,571	
Fidelity Bank Plc	Not Applicable	Shareholder	Vetiva Banking ETF	331	
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Current account	113	
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Collection account	33	
United Bank for Africa Plc	Uche Ike	Shareholder/Director	NASD Coll. account	3,588	
Union Bank of Nigeria Plc	Not Applicable	Shareholder	Current account	1,019	
				<b>325,707</b>	

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<i>In thousands of Naira</i>				31 December 2017
Name of company / Individual	Name of Directors	Relationship	Transaction type	Amount
Guaranty Trust Bank	Not Applicable	Shareholder	Current account	215
Guaranty Trust Bank	Not Applicable	Shareholder	Collection account	11
Guaranty Trust Bank	Not Applicable	Shareholder	Settlement Account	6,365
Guaranty Trust Bank	Not Applicable	Shareholder	Call Account	344,012
Guaranty Trust Bank	Not Applicable	Shareholder	Trade Alert	24
Guaranty Trust Bank	Not Applicable	Shareholder	Trade Alert - VAT	1
Guaranty Trust Bank	Not Applicable	Shareholder	Domicillary-USD	197,515
Guaranty Trust Bank	Not Applicable	Shareholder	Domicillary-GBP	3,532
Guaranty Trust Bank	Not Applicable	Shareholder	Domicillary-EURO	138
Sterling Bank Plc	Kayode Lawal	Shareholder/Director	Current account	50
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	Current account	692
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	POS Collection account	2,366
Fidelity Bank Plc	Not Applicable	Shareholder	Current account	47,007
Fidelity Bank Plc	Not Applicable	Shareholder	Collection account	1,000
Fidelity Bank Plc	Not Applicable	Shareholder	Vetiva Griffin Etf	216
Fidelity Bank Plc	Not Applicable	Shareholder	Vetiva Banking ETF	331
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Current account	762
United Bank for Africa Plc	Uche Ike	Shareholder/Director	account	608
United Bank for Africa Plc	Uche Ike	Shareholder/Director	NASD Coll. account	2,445
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Depository Fee Collection	903
Union Bank of Nigeria Plc	Not Applicable	Shareholder	Current account	1,019
				<b>609,212</b>

**Investments**

Included in investment securities is an amount of N10.71 billion as at 31 December 2018 (31 December 2017: N18.45 billion) representing treasury bills, federal government bonds and state government bonds belonging to CSCS and invested with Banks in which certain Directors have interests. The face value of the investments as at 31 December 2018 were as follows:

<i>In thousands of Naira</i>				31 December 2018
Name of company / Individual	Name of Directors	Relationship	Transaction type	Face value
Guaranty Trust Bank Plc	Not Applicable	Shareholder	FGN Bonds	1,531,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	700,000
First Bank Ltd	Not Applicable	Shareholder	FGN Bonds	1,700,000
Sterling Bank Plc	Kayode Lawal Mudat	Shareholder/Director	Fixed Deposit	75,498
First bank Ltd	Not Applicable	Shareholder	Treasury Bills	1,110,000
Guaranty Trust Bank Plc	Not Applicable	Shareholder	Treasury Bills	4,380,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Treasury Bills	1,215,000
				<b>10,711,498</b>

<i>In thousands of Naira</i>				31 December 2017
Name of company / Individual	Name of Directors	Relationship	Transaction type	Face value
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	FGN Bonds	2,400,000
Fidelity Bank Plc	Not Applicable	Shareholder	FGN Bonds	2,500,000
Guaranty Trust Bank	Not Applicable	Shareholder	FGN Bonds	5,000,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	835,000
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	State Bonds	392,186
Fidelity Bank Plc	Not Applicable	Shareholder	State Bonds	1,267,372
Guaranty Trust Bank	Not Applicable	Shareholder	State Bonds	1,146,043
Fidelity Bank Plc	Not Applicable	Shareholder	Corporate Bonds	200,000
Guaranty Trust Bank	Not Applicable	Shareholder	Corporate Bonds	60,000
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	Fixed Deposit	204,373
Fidelity Bank Plc	Not Applicable	Shareholder	Fixed Deposit	154,440
Guaranty Trust Bank	Not Applicable	Shareholder	Fixed Deposit	343,051
Sterling Bank	Kayode Lawal Mudat	Shareholder/Director	Fixed Deposit	407,255
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Fixed Deposit	150,000
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	Treasury Bills	100,000
Fidelity Bank Plc	Not Applicable	Shareholder	Treasury Bills	550,000
Guaranty Trust Bank	Not Applicable	Shareholder	Treasury Bills	2,465,000
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Treasury Bills	280,000
				<b>18,454,720</b>

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**34 Condensed results of consolidated entity**

Condensed results of the consolidated entities as at 31 December 2018, are as follows:

<i>In thousands of naira</i>	Group balance	Intra-group eliminations	The Company	Insurance Repository Nigeria Limited
Operating income	9,082,085	-	9,082,085	-
Operating expenses	(3,099,148)	-	(3,099,148)	-
Impairment reversal	126,812	-	126,812	-
Fair value loss on investment securities				
Operating surplus/(deficit) before tax	6,109,749	-	6,109,749	-
Share of loss of equity accounted investees	(18,405)	(18,405)	-	-
Tax expense	(1,269,014)	-	(1,269,014)	-
Operating surplus after tax	4,822,330	(18,405)	4,840,735	-

**Condensed financial position**

<i>In thousands of naira</i>	Group balance	Intra-group eliminations	The Company	
Total Non-Current Assets	25,921,259	(105,249)	26,044,913	-
Total Current Assets	9,933,339	(10,000)	9,920,950	22,388
Total assets	35,854,598	(115,249)	35,965,863	22,388
Total Equity	31,164,815	(89,142)	31,266,080	(12,122)
Total non current liabilities				
Total current liabilities	4,689,783	(44,511)	4,686,380	34,511
Total liabilities	4,689,783	(44,511)	4,686,380	34,511
Total equity and liabilities	35,854,598	(133,653)	35,952,460	22,388

**35 Cash flow workings**

	Notes	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
<i>In thousands of naira</i>					
<b>(i) Changes in intercompany receivables</b>					
Opening balance		-	34,511	-	32,247
Closing balance	22	-	(34,511)	-	(34,511)
Change during the year		-	-	-	(2,264)
<b>(ii) Changes in trade receivables</b>					
Opening balance	18(a)	15,550	15,550	15,522	15,522
Impairment reversal/(charge)	20	(10,444)	(10,444)	(5,138)	(5,138)
Closing balance	18(a)	(102,279)	(102,279)	(15,550)	(15,550)
Change during the year		(97,173)	(97,173)	(5,166)	(5,166)
<b>(iii) Changes in other assets</b>					
Opening balance	19(a)	952,905	940,571	517,047	504,713
Impairment reversal/(charge)	20	-	-	-	-
Utilization of WHT		-	-	-	-
Closing balance	19(a)	(324,380)	(312,046)	(952,905)	(940,571)
Change during the year		628,525	628,525	(435,858)	(435,858)

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<b>(iv) Changes in payables and accruals</b>					
Opening balance	27	804,293	804,293	413,154	413,154
Closing balance	27	(872,873)	(872,873)	(804,293)	(804,293)
Change during the year		(68,580)	(68,580)	(391,139)	(391,139)
<b>(v) Changes in other liabilities</b>					
Opening balance	28	679,892	679,892	282,011	282,011
Net write back of provision for productivity bonus		-	-	-	-
Closing balance	28	(3,150,930)	(3,150,930)	(679,892)	(679,892)
Change during the year		(2,471,038)	(2,471,038)	(397,881)	(397,881)
<b>(vi) Changes in intercompany payable</b>					
Opening balance	26	10,000	10,000	-	-
Closing balance	26	-	(10,000)	-	-
Change during the year		10,000	-	-	-
<b>(vi) Proceeds from disposal of property and equipment</b>					
Cost of property and equipment disposed	15	201,789	201,789	106,868	106,868
Accumulated depreciation	15	(181,483)	(181,483)	(74,453)	(74,453)
Profit on disposal of property and equipment	11	11,366	11,366	3,882	3,882
Proceeds during the year		31,672	31,672	36,297	36,297
<b>(vii) Net changes in investment securities - treasury bills</b>					
Balance, beginning of the year	17(b)	5,418,936	5,418,936	5,135,327	5,135,327
Fair value profit/(loss)		-	-	117,648	117,648
Balance, end of the year	17(b)	(5,879,813)	(5,879,813)	(5,418,936)	(5,418,936)
Change during the year		(460,877)	(460,877)	(165,961)	(165,961)
<b>(viii) Net changes in investment securities - bonds</b>					
Balance, beginning of the year	17(a)	21,753,586	21,753,586	19,138,043	19,138,043
Interest receivable		44,410	44,410	44,417	44,417
Fair value loss		(96,506)	(96,506)	(271,177)	(271,177)
Balance, end of the year	17(a)	(23,644,726)	(23,644,726)	(21,753,586)	(21,753,586)
Change during the year		(1,943,236)	(1,943,236)	(2,842,303)	(2,842,303)
<b>(ix) Interest received</b>					
Balance, beginning of the year		44,417	44,417	93,124	93,124
Interest income	10	4,217,582	4,217,582	4,162,744	4,162,744
Interest receivable on fixed deposits		(11,164)	(11,164)	0	0
Interest receivable on bonds		(44,410)	(44,410)	(44,417)	(44,417)
Interest received for the year		4,206,425	4,206,425	4,211,451	4,211,451
<b>(x) Dividend paid</b>					
Balance, beginning of the year	28	55,090	55,090	49,846	49,846
Dividend declared		3,500,000	3,500,000	1,050,000	1,050,000
Balance, end of year	28	(63,926)	(63,926)	(55,090)	(55,090)
Change during the year		3,491,164	3,491,164	1,044,756	1,044,756



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**36 Transitional Adjustments**

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of reserves and retained earnings.

**(a) Fair Value Reserves**

<i>In thousands of naira</i>	Group 31 December 2018	Company 31 December 2018	Group 31 December 2017	Company 31 December 2017
Opening fair value reserves	(153,529)	(153,529)	-	-
Available for sale assets- net change in fair value			-	-
<b>Adoption of IFRS 9:</b>				
Debt Investments at FVOCI -Reclassified to amortized cost	(12,090)	(12,090)	-	-
ECL on FVOCI at start of year	(103,277)	(103,277)	-	-
Adjustment on initial recognition of IFRS 9	(115,367)	(115,367)	-	-
Reversal of prior year fair value gain on FVOCI T-bills	(115,867)	(115,867)	-	-
Fair value (gain)/ loss on FVOCI Treasury Bills	19,716	19,716	-	-
Fair value (gain)/ loss on FVOCI Bonds	(13,168)	(13,168)	-	-
ECL on FVOCI at year end (see note 25(c))	93,865	93,865	-	-
<b>Total movement in Fair value Reserves</b>	<b>(130,821)</b>	<b>(130,821)</b>	<b>-</b>	<b>-</b>
<b>Closing Fair Value Reserves</b>	<b>(22,708)</b>	<b>(22,708)</b>	<b>-</b>	<b>-</b>

**(b) Retained Earnings**

<i>In thousands of naira</i>	Impact on Retained Earnings- Group 2018	Impact on Retained Earnings- Company 2018
Opening retained earnings	25,006,022	25,088,882
Additional (impairment)/write back recognized at 1 January 2018 on:		
Trade Receivables	55,689	55,689
Financial assets at fair value through other Comprehensive income	(103,277)	(103,277)
Financial assets at amortized cost	(44,162)	(44,162)
Cash and cash equivalents	(49,078)	(49,078)
Net Adjustments to opening retained earnings	(140,828)	(140,828)
<b>Adjusted Opening retained earnings</b>	<b>24,865,194</b>	<b>24,948,054</b>

**Other National Disclosures**

**Other National Disclosures**

**Value added statement**

**For the year ended 31 December 2018**

<i>In thousands of Naira</i>	<b>Group 31 December 2018</b>	%	<b>Company 31 December 2018</b>	%
Gross earnings	9,082,085	115	9,082,085	115
Net impairment loss on trade receivables	126,812	2	126,812	2
Bought-in-materials and services	(1,366,230)	(17)	(1,347,825)	(17)
<b>Value added</b>	<b>7,842,667</b>	<b>100</b>	<b>7,861,072</b>	<b>100</b>
<b>Distribution of Value Added</b>		%		%
<b>To Employees:</b>				
Staff cost	1,268,079	16	1,268,079	16
<b>To government</b>				
Government as taxes	1,269,014	16	1,269,014	16
<b>For future replacement of assets, expansion of business and payment of dividend to shareholders:</b>				
- Depreciation and amortisation	483,244	5	483,244	6
- Dividend to shareholders	3,500,000	45	3,500,000	45
- To augment reserve	1,322,330	18	1,340,735	17
	<b>7,842,667</b>	<b>100</b>	<b>7,861,072</b>	<b>100</b>

<i>In thousands of Naira</i>	<b>Group 31 December 2017</b>	%	<b>Company 31 December 2017</b>	%
Gross earnings	8,691,558	118%	8,691,558	118%
Net impairment loss on trade receivables	(5,138)	0%	(5,138)	0%
Bought-in-materials and services	(1,333,975)	-18%	(1,316,539)	-18%
<b>Value added</b>	<b>7,352,445</b>	<b>100</b>	<b>7,369,881</b>	<b>100</b>
<b>Distribution of Value Added</b>		%		%
<b>To Employees:</b>				
Staff cost	1,496,084	20	1,493,879	20
<b>To government</b>				
Government as taxes	683,576	9	683,576	9
<b>For future replacement of assets, expansion of business and payment of dividend to shareholders:</b>				
- Depreciation and amortisation	192,184	3	192,184	3
- Dividend to shareholders	1,050,000	14	1,050,000	14
- To augment reserve	3,930,601	54	3,950,242	54
	<b>7,352,445</b>	<b>100</b>	<b>7,369,881</b>	<b>100</b>

Other National Disclosures

Financial Summary

	Company 31 December 2018	Company 31 December 2017	Company 31 December 2016	Company 31 December 2015	Company 31 December 2014
<i>In thousands of Naira</i>					
<b>Assets</b>					
<b>Non current Assets</b>					
Property and equipment	595,575	366,751	575,814	326,080	245,577
Intangible assets	1,089,601	1,411,086	613,228	233,098	84,941
Intercompany receivables	34,511	34,511	32,247	-	-
Equity-accounted investee	670,500	62,500	62,500	-	-
Investment in subsidiary	10,000	10,000	10,000	-	-
Investments securities	23,644,726	21,709,176	19,138,043	15,397,399	13,548,150
Deferred tax asset	-	38,298	20,020	6,377	-
Defined benefit plan asset (Net)	-	-	248,101	203,286	-
<b>Total non current assets</b>	<b>26,044,913</b>	<b>23,632,321</b>	<b>20,699,952</b>	<b>16,166,240</b>	<b>13,878,668</b>
<b>Current Assets</b>					
Investment securities	5,879,813	5,418,936	5,135,327	5,328,894	6,188,507
Trade receivables	102,279	15,550	15,522	1,625	21,200
Other assets	312,046	940,571	504,713	231,678	237,884
Cash and cash equivalent	3,626,813	2,004,924	783,043	3,673,144	2,747,044
<b>Total current assets</b>	<b>9,920,951</b>	<b>8,379,982</b>	<b>6,438,606</b>	<b>9,235,341</b>	<b>9,194,635</b>
<b>Total assets</b>	<b>35,965,863</b>	<b>32,012,303</b>	<b>27,138,558</b>	<b>25,401,581</b>	<b>23,073,303</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Pension plan and other employment benef	-	-	-	-	-
Intercompany payables	10,000	10,000	10,000	-	-
Payables, provisions and accruals	872,873	804,293	413,154	532,182	1,035,653
Current tax liabilities	652,577	582,765	286,177	663,550	1,108,442
Other liabilities	3,150,930	679,892	282,011	387,659	301,399
<b>Total current liabilities</b>	<b>4,686,380</b>	<b>2,076,950</b>	<b>991,342</b>	<b>1,583,391</b>	<b>2,445,494</b>
<b>Non current liabilities</b>					
Deferred tax liabilities	13,403	-	-	-	46,781
<b>Total non current liabilities</b>	<b>13,403</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,781</b>
<b>Total liabilities</b>	<b>4,699,783</b>	<b>2,076,950</b>	<b>991,342</b>	<b>1,583,391</b>	<b>2,492,275</b>
<b>Equity</b>					
Share capital	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings	26,288,789	25,088,882	20,987,503	18,691,328	15,581,028
Other components of equity	(22,709)	(153,529)	159,713	126,862	-
<b>Total equity</b>	<b>31,266,080</b>	<b>29,935,353</b>	<b>26,147,216</b>	<b>23,818,190</b>	<b>20,581,028</b>
<b>Non-controlling Interest</b>					
<b>Total equity and liabilities</b>	<b>35,965,863</b>	<b>32,012,303</b>	<b>27,138,558</b>	<b>25,401,581</b>	<b>23,073,303</b>
<b>Income Statement</b>					
	Company 31 December 2018	Company 31 December 2017	Company 31 December 2016	Company 31 December 2015	Company 31 December 2014
<b>Total operating income</b>	<b>9,082,085</b>	<b>8,691,558</b>	<b>6,174,003</b>	<b>7,601,777</b>	<b>8,241,938</b>
<b>Profit before taxation</b>	<b>6,109,749</b>	<b>5,683,817</b>	<b>3,787,415</b>	<b>5,015,717</b>	<b>5,759,951</b>
<b>Profit after taxation</b>	<b>4,840,735</b>	<b>5,000,241</b>	<b>3,596,175</b>	<b>4,460,300</b>	<b>4,622,045</b>
<b>Earnings per share</b>	<b>97k</b>	<b>100k</b>	<b>72k</b>	<b>89k</b>	<b>92k</b>
<b>Number of ordinary shares of N1 each</b>	<b>5,000,000,000</b>	<b>5,000,000,000</b>	<b>5,000,000,000</b>	<b>5,000,000,000</b>	<b>5,000,000,000</b>

The entity began to issue consolidated financial statements in 2016. Hence, a five year summary for Group figures was not presented.