CITITRUST HOLDINGS PLC

Lagos, Nigeria

REPORT OF THE DIRECTORS,

CONSOLIDATED AND SEPARATE AUDITED FINANCIAL STATEMENTS

AND OTHER NATIONAL DISCLOSURES

FOR THE YEAR ENDED 31 DECEMBER 2019

CITITRUST HOLDINGS PLC
REPORT OF THE DIRECTORS, CONSOLIDATED AND SEPARATE AUDITED FINANCIAL STATEMENTS AND OTHER NATIONAL DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2019

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CORPORATE INFORMATION

Directors:	Mr. Ohio Ifiabor	Group Chairman
	Mr. Yemi Adefisan	Group Chief Executive
	Mr. Lawal Danladi Yaro	Director
	Mrs. Oluwaseun Ajila	Director
	Mr. Olaoye Oyelakin	Director
	Mrs. Ogochukwu Temitope Kehinde	Director
	Mr. Praveen Thankappan	Director
Company secretary:	Mr. Chike Onwuka FRC/2020/002/00000021135	
Registration number:	RC 1550836	
Registered office:	No. 43 Ademola Street, Off Awolowo Way, Ikoyi, Lagos.	
Independent auditor:	Ernst & Young UBA House, 10th & 13th floors 57 Marina, Lagos Nigeria	
Principal bankers:	Access Bank Plc, Nigeria Keystone Bank Limited, Nigeria Sterling Bank Plc, Nigeria Zenith Bank Plc, Nigeria Providus Bank Limited, Nigeria Ecobank Kenya, Kenya First National Bank, South Africa FDH Bank Limited, Malawi	

CITITRUST HOLDINGS PLC
REPORT OF THE DIRECTORS, CONSOLIDATED AND SEPARATE AUDITED FINANCIAL STATEMENTS AND OTHER NATIONAL DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2019
RESULT AT A GLANCE

	The Group 2019 ₦'000	The Company 2019 ₦'000
Consolidated and separate statement of financial position		
Total assets	6,165,244	2,524,622
Net (liaibilites)/assets	(2,330,943)	479,397
Share capital	500,000	500,000
Total equity	(2,330,944)	479,397
Number of shares in issue (units)	1,000,000	1,000,000
Consolidated and separate statement of profit or loss		
(Loss)/profit before income tax expense	(1,668,155)	57,036
Income tax expense	(331,298)	(77,639)
Net loss for the year	(1,999,453)	(20,603)
Per share data		
Loss per share (Kobo)	(200)	(2)
Net (liabilities)/assets per share (Kobo)	(233)	48
Total assets per share (Kobo)	617	252

CITITRUST HOLDINGS PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors have pleasure in submitting to the members of Cititrust Holdings Plc ("the Company") and its subsidiaries ("the Group") their report together with the consolidated and separate audited financial statements for the year ended 31 December 2019.

LEGAL FORM

Cititrust Holdings Plc was incorporated in Nigeria as a holding company, under the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, on 3rd January 2019. The Company's registered office is No. 43 Ademola Street Off Awolowo Way, Ikoyi Lagos.

PRINCIPAL ACTIVITIES

The principal activities of the Group and Company includes carrying out business as a holding company, investing in and holding controlling shares in, as well as making investments in various industries such as financial services, oil and gas, energy, engineering service, telecommunication and health care services.

STATE OF AFFAIRS

In the opinion of the Directors, the state of the Group and the Company's affairs is satisfactory and no event have occurred since the statement of financial position date, which would affect the financial statements as presented.

RESULTS FOR THE YEAR

The result for the year is stated below:

	The Group 2019 N'000	The Company 2019 N'000
(Loss)/profit before income tax expense	(1,668,155)	57,036
Income tax expense	(331,298)	(77,639)
Net loss for the year	(1,999,453)	(20,603)

DIVIDEND

The Directors do not recommend the payment of dividend for the year ended 31 December 2019.

DIRECTORS AND THEIR INTERESTS

The names of the Directors at the date of this report and of those who have held office during the period, together with their interests in the shares of the Company, were as follows:

Name of Director	No. of shares held
Mr. Ohio Ifiabor	7,200,000
Mr. Yemi Adefisan	3,390,000
Mr. Lawal Danladi Yaro	3,600,000
Mrs. Oluwaseun Ajila	7,200,000
Mr. Olaoye Oyelakin	7,200,000
Mrs. Ogochukwu Temitope Kehinde	7,200,000
Mr. Praveen Thankappan	5,400,000

There was no change in Directors' shareholding during the year.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors has notified the Group and the Company for the purpose of section 277 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 of any disclosable interests in contracts with which the Group or Company is involved as at 31 December 2019.

SHAREHOLDING ANALYSIS
The analysis of the Company's shareholding as at 31 December 2019 is as follows:

Share range	No of shareholders	Percentage of shareholders	No of holdings	Percentage of holdings
Above 20,000,000	1	0%	854,798,800	85%
10,000,000 - 20,000,000	2	1%	33,174,464	3%
Below 10,000,000	222	99%	112,026,736	11%
	225	100%	1,000,000,000	100%

PROPERTY, PLANT AND EQUIPMENT
Information relating to changes in in Property, plant and equipments during the year are shown in Note 18 to the consolidated and separate financial statements.

EMPLOYMENT AND EMPLOYEES

Employment of disables persons
It is the policy of the Group and the Company that there should be no discrimination in considering applications for employment including those for disabled persons. As at 31 December 2019, there was no disabled person in the employment of the Group and the Company.

Health, Safety & Welfare
Health and safety regulations are in force within the Group and Company's premises and employees are aware of existing regulations. The Group and the Company provides subsidy to all level of employees for medical, transportation, housing, etc.

Training
The Group and the Company attaches great importance to training and manpower development as an investment in people and this in its future. The Group and the Company therefore sponsored various manpower development programmes for the staff during the year.

INDEPENDENT AUDITORS
Ernst & Young have expressed their willingness to continue in office as the Company's independent auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

BY THE ORDER OF THE BOARD

Chike Onwuka
FRC/2020/002/00000021135
Company Secretary
Lagos, Nigeria
Date: 2 August, 2021

CITITRUST HOLDINGS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Group and the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Group and the Company:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and the Company and comply with the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

b) establishes adequate internal control to safeguard its assets and to prevent and detect fraud and other irregularities.

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

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

The Directors are of the opinion that the consilidated and separate financial statements give a true and fair view of the state of the financial affairs of the Group and the Company and of its performance for the year ended 31 December 2019. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal controls.

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

Yemi Adefisan
Group Chief Executive
FRC/2020/003/00000021059

Afolabi Martins
Group Chief Financial Controller
FRC/2016/ICAN/00014414

2 August, 2021

EY
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CITITRUST HOLDINGS PLC

Report on the Financial Statements

We have audited the consolidated and separate financial statements of Cititrust Holdings Plc (the "Company") and its subsidiaries (together "the Group") which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidatd and separate statements of profit or loss and other comprehensive income, the consolidate and separate statements of changes in equity, and the consolidated and separate statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Cititrust Holdings Plc and its subsidiaries as at 31 December 2019, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Investments and Securities Act 2007, and the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

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

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate information, Report of the Directors, Statement of Directors' responsibilities on the financial statements, Value added statement and Two-year Financial Summary as required by the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, and the Financial Reporting Council of Nigeria Act No. 6, 2011. The other information does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, if we conclude that there is a material misstatement of this other information, we are required to report that fact.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Investments and Securities Act 2007, and the Financial Reporting Council of Nigeria Act No. 6, 2011 and for such internal control as the Directors determines necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CITITRUST HOLDINGS PLC - Continued

Auditor's responsibility for the Audit of the 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 judgement and maintain professional scepticism 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's internal control.

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consoliated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the 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 and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CITITRUST HOLDINGS PLC - Continued

Report on Other Legal and Regulatory Requirements

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

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

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

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

Oluwasayo Elumaro, FCA
FRC/2012/ICAN/00000000139
For: Ernst & Young
Lagos, Nigeria.

Date: 4 August 2021

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
1077232

CITITRUST HOLDINGS PLC
CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	The Group 2019 ₦'000	The Company 2019 ₦'000
Revenue from contracts with customers	4	2,853,618	373,800
Interest and similar income	6	1,208,228	5,024
Interest and similar expense	7	(850,763)	(34,951)
Net interest income/(expense)		357,465	(29,927)
Other revenue	10	1,229,775	-
Cost of sales	5	(3,882,043)	-
Gross profit		558,815	343,873
Fees and commission income	8	49,740	-
Fees and commission expense	9	(1,135)	-
		607,420	343,873
Other operating income	11	42,627	-
Net loss on investment securities	12	(5,412)	-
Credit loss expenses	13	(521,934)	(2,342)
Personnel expenses	14	(636,724)	(101,788)
Other operating expenses	15	(1,154,132)	(182,707)
Net (loss)/profit before income tax expense		(1,668,155)	57,036
Income tax expense	16	(331,298)	(77,639)
Net loss for the year		(1,999,453)	(20,603)
Attirbutable to:			
Equity holders of the parent		(1,998,972)	(20,603)
Non-controlling interests		(481)	-
		(1,999,453)	(20,603)
Other comprehensive income:			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translation		(44,341)	-
Total comprehensive loss for the period		(2,043,794)	(20,603)
Attirbutable to:			
Equity holders of the parent		(2,043,289)	(20,603)
Non-controlling interests		(505)	-
		(2,043,794)	(20,603)
Loss per share			
Basic and diluted loss per share (Kobo)	17	(200)	(2)

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

CITITRUST HOLDINGS PLC
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	The Group 2019 ₦'000	The Company 2019 ₦'000
Assets			
Non-current assets			
Property, plant and equipment	18	820,388	218,159
Intangible assets	19	5,464	-
Right-of-use assets	31	16,650	-
Investment securities	20	439,588	-
Investment in subsidiaries	21	-	1,476,806
Total non-current assets		1,282,090	1,694,965
Current assets			
Loans and advances	23	782,766	-
Trade receivables	24	914,338	119,068
Other receivables	25	900,288	63,568
Inventories	26	164,300	-
Cash and bank balances	22	2,121,462	647,021
Total current assets		4,883,154	829,657
Total assets		6,165,244	2,524,622
Equity and liabilities			
Equity			
Share capital	32	500,000	500,000
Foreign currency translation reserve	33	(44,317)	-
Statutory credit reserves	34	3,612	-
Retained earnings	35	(2,792,975)	(20,603)
Non-controlling interests	21	2,737	-
Total equity		(2,330,944)	479,397
Liabilities			
Current liabilities			
Current income tax	16	265,373	19,466
Deferred tax liabilities	16	143,953	58,173
Interest-bearing loans and borrowings	27	1,140,584	1,612,075
Customer deposits	28	5,225,903	-
Deposit for shares	29	1,266,200	-
Trade and other payables	30	454,174	355,511
Total liabilities		8,496,187	2,045,225
Total equity and liabilities		6,165,244	2,524,622

The financial statements were approved by the Board of Directors on 2nd August 2021 and signed on its behalf by:

Yemi Adefisan	Ohio Ifiabor	Afolabi Martins
Group Chief Executive	Group Chairman	Group Chief Financial Controller
FRC/2020/003/00000021059	FRC/2021/003/00000022733	FRC/2016/ICAN/00014414

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

CITITRUST HOLDINGS PLC
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

The Group

	Share capital	Statutory credit reserves	Retained earnings	Foreign currency translation reserve	Non-controlling interests	Total
	₦'000		₦'000	₦'000	₦'000	₦'000
At 1 January 2019	-	-	-	-	-	-
Issue of shares	500,000	-	-	-	3,242	503,242
Business combination	-	-	(790,391)	-	-	(790,391)
Loss for the year	-	-	(1,998,972)	-	(481)	(1,999,453)
Transfer to statutory reserve	-	3,612	(3,612)	-	-	-
Other comprehensive loss	-	-	-	(44,317)	(24)	(44,341)
At 31 December 2019	500,000	3,612	(2,792,975)	(44,317)	2,737	(2,330,944)

The Company

	Share Capital	Retained Earnings	Total
	₦'000	₦'000	₦'000
At 1 January 2019	-	-	-
Issue of shares	500,000	-	500,000
Loss for the year	-	(20,603)	(20,603)
Other comprehensive income	-	-	-
At 31 December 2019	500,000	(20,603)	479,397

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

CITITRUST HOLDINGS PLC
CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	The Group 2019 ₦'000	The Company 2019 ₦'000
Operating activities			
(Loss)/profit before tax		(1,668,155)	57,036
Adjustments to reconcile (loss)/profit before tax to net cash flows:			
Depreciation of property, plant and equipment	15	87,552	12,818
Amortisation of intangible assets	15	391	
Depreciation of right-of-use assets	15	11,550	-
Loss on disposal of property, plant and equipment	15	5,096	2,312
Write-off of other assets	15	420,547	6,993
Credit loss expense on trade receivables	13	300,986	2,342
Credit loss expense on loans and advances	13	218,066	-
Credit loss expense on cash and bank	13	2,882	-
Fair value loss on equity instruments at fair value	12	5,412	-
Interest expense	7	850,763	34,951
Interest income	6	(1,208,228)	(5,024)
Working capital adjustments:			
Increase in loan and advances		(1,000,832)	-
Increase in trade receivables		(1,215,324)	(121,410)
Increase in other receivables		(1,320,835)	(63,568)
Increase in inventories		(164,300)	-
Increase in customer deposits		5,225,903	-
Increase in trade and other payables		454,174	355,511
Income tax paid		(38,238)	-
Net cash flows from operating activities		**967,410**	**281,961**
Investing activities			
Purchase of property, plant and equipment	18	(467,984)	(234,091)
Property, plant and equipment acquired in business combination	18	(660,773)	-
Proceed from disposal of property, plant and equipment		215,721	802
Purchase of intangible assets	19	(5,120)	-
Intangible assets acquired in business combination	19	(1,785)	-
Proceed from disposal of intangible assets		1,050	-
Purchase of subsidiary		(524,652)	
Lease payments	31	(28,200)	-
Purchase of investments		(445,000)	-
Investment in subsidiaries		-	(1,476,806)
Interest received		-	5,024
Net cash flows used in investing activities		**(1,916,743)**	**(1,705,071)**
Financing activities			
Proceeds from issue of share capital		500,000	500,000
Proceeds from deposit for shares		1,266,200	-
Interest paid		(841,505)	(34,543)
Proceeds from interest-bearing loan and borrowings		1,140,584	1,131,140
Net cash flows from financing activities		**2,065,279**	**1,596,597**
Net increase in cash and cash equivalents		1,115,946	173,487
Impairment allowance on cash and bank balances		(2,882)	-
Cash and cash equivalents as at 1 January		-	-
Cash and cash equivalents as at 31 December	22.2	**1,113,064**	**173,487**

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

1 Corporate information

Cititrust Holdings Plc was incorporated in Nigeria as a holding company, under the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, on 3rd January 2019. The Company's registered office is No. 43 Ademola Street Off Awolowo Way, Ikoyi Lagos.
The consolidated and separate financial statements of the Group and the Company for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Board of Directors on .... 2021.

Principal Activities
The principal activities of the Cititrust Holdings Plc is to carry out business as a holding company, investing in and holding controlling shares in, as well as making investments in various entities.

2 Significant accounting policies

2.1 Basis of preparation

a) Statement of Compliance
The consolidated and separate financial statements of the Group has been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the requirements of Companies and Allied Matters Act CAP C20 Law of Federation of Nigeria 2004 and Financial Reporting Council of Nigeria Act No. 6, 2011. The consolidated and separate financial statements have been prepared on a going concern basis.

b) Basis of measurement
The financial statements have been prepared on a historical cost basis, except where otherwise stated that an element of the financial statements have been measured at fair value.

c) Functional and presentation currency
The financial statements values are presented in Nigerian Naira (₦), which is the functional currency of the Parent. All information presented in Naira have been rounded to the nearest thousand unless otherwise stated.

d) Composition of consolidated financial statements
In accordance with IFRS accounting presentation, the financial statements comprise:
- Consolidated and separate statement of financial position
- Consolidated and separate statement of profit or loss and other comprehensive income
- Consolidated and separate statement of changes in equity
- Consolidated and separate statement of cash flows
- Notes to the consolidated and separate statement financial statements

e) Basis of consolidation
The consolidated financial statements comprise the financial statements of the Group as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

2.1 **Basis of preparation - continued**

e) **Basis of consolidation - continued**

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

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

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

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

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

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

Business combination under common control

A business combination is a common control combination if the combining entities are ultimately controlled by the same party (or parties) both before and after the combination and common control is not transitory. The Group accounts for this business combination using pooling of interest method. On the date of transfer, the assets and liabilities are transferred to the acquirer at their carrying value, no adjustments are made to reflect their fair value and no goodwill is recognised. Any difference between the consideration transferred and the acquired net assets (or liabilities) is reflected within equity. The assets and liabilities are reflected prospectively in the Group's financial statements from the date of transfer without restating the comparative period.

d) **Use of estimates and judgements**

The preparation of financial statements in conformity with accounting principles generally accepted in Nigeria requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

2.1 Basis of preparation - continued

e) Current versus non-current classification

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

(i) Expected to be realised or intended to be sold or consumed in normal operating cycle
(ii) Held primarily for the purpose of trading
(iii) Expected to be realised within twelve months after the reporting period, or
(iv) Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are presented as non-current.

e) Current versus non-current classification - continued

A liability is presented as current when:

(i) It is expected to be settled in normal operating cycle
(ii) It is held primarily for the purpose of trading
(iii) It is due to be settled within twelve months after the reporting period, or
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

2.2 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2.2.1 Revenue from contracts with customers

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

2.2.2 Taxes

Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current income tax

Current tax is the expected tax payable on taxable profit for the year, using tax rates determined in accordance with the Company Income Tax Act (CITA) at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

2.2 Summary of significant accounting policies - continued

2.2.2 Taxes - continued

Deferred tax - continued

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2.2.3 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash in hand, cash at bank and short-term highly liquid deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.2.4 Financial instruments

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

i ***Financial assets***

Initial recognition and measurement

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

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

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

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

2.2 Summary of significant accounting policies - continued

2.2.4 Financial instruments - continued

Subsequent measurement of financial assets

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

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss (the Group however has no financial instrument in this category)

Financial assets at amortised cost (debt instruments)

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

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

Financial assets designated at fair value through OCI (equity instruments)

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

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

The Group elected to classify irrevocably its listed and non-listed equity investments under this category.

Derecognition of financial assets

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

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

Or

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

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

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

2.2 Summary of significant accounting policies - continued

2.2.4 Financial instruments - continued

Impairment of financial assets

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

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

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

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

ii *Financial liabilities*

Initial recognition and measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings and trade and payables, as appropriate.

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

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

Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification, as described below:
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at amortised cost

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

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

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

2.2 Summary of significant accounting policies - continued

2.2.4 Financial instruments - continued

Derecognition of financial liabilities

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

Offsetting of financial instruments

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

2.2.5 Leases

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

Group as a lessee

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

i) Right-of-use assets

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

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

ii) Lease liabilities

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

2.2 Summary of significant accounting policies - continued

2.2.5 Leases (policy applicable beginning 1 January 2019) - continued

ii) Lease liabilities - continued

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of buildings that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

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

2.2.6 Impairment of non-financial assets

The Group assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication of impairment exists; the carrying amount is greater than an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level (Cash generating unit) at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets.

An asset group's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. Impairment losses recognized in prior periods can be reversed up to the original carrying amount, had the impairment loss not been recognized. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.2 Summary of significant accounting policies - continued

2.2.7 Property and equipment

Recognition and measurement

All categories of property, plant and equipment are recognised initially only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Property, plant and equipment are initially measured at cost. Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. The cost of Property and Equipment includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent costs

Subsequent expenditure that leads to improvement are capitalised in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of profit or loss during the financial year in which they are incurred.

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 since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset 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 Non-current Assets Held for Sale and Discontinued Operations.

The estimated useful lives for the current period are as follows:

Land and Building	10%
Plant & Machinery	20%
Motor vehicle	25%
Computer equipment	25%
Office equipment	20%
Furniture and fittings	20%

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

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. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

2.2.8 Intangible assets

Intangible assets are recognised when it meets the definition of an intangible asset, it is probable that economic benefits attributable to the assets will flow to the entity and the costs can be reliably measured. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

2.2 Summary of significant accounting policies - continued

2.2.8 Intangible assets - continued

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

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

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

2.2.9 Employee benefits

Short-term benefits
Wages, salaries, paid annual leave, bonuses and non-monetary benefits are recognised as employee benefit expenses when the associated services are rendered by the employees of the Group.

2.2.10 Share capital and reserves

Ordinary Share Capital: The ordinary share capital of the entity is classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity net of any tax effects.

2.2.11 (Loss)/earnings per share

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

Diluted (LPS)/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.

2.2.12 Fair value measurements

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the price that would be received on the sale of the financial asset or paid to transfer a liability to a third party in an orderly transaction between market participants at the measurement date.

2.2 Summary of significant accounting policies - continued

2.2.12 Determination of fair values - continued

Therefore, the fair values of quoted investments in active markets are based on current market prices. Since actual market prices are available in determining fair value, no significant estimates or valuation model is applied in the determination of the fair value of quoted financial instruments.

Fair values are determined according of the following hierarchy based on the requirements of IFRS 7 - Financial Instruments-Disclosures:
Level 1: Quoted Market Prices: Financial assets and liabilities with quoted prices for identical instruments in active market.
Level 2: Valuation techniques using observable inputs: Quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities using models where all significant inputs are observable.
Level 3: Valuation techniques using significant unobservable inputs: Financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.
The best evidence of fair value remains the quoted price in an active market. In the event that the market price for a financial asset or liability is not active, the valuation technique is used. Whatever method used is applied consistently.

2.2.13 Foreign currencies

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

Transactions and balances

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

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

Differences arising on settlement or translation of monetary items are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Group companies

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

2.2.14 Recognition of interest income

Interest income and interest expenses

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest and similar income' and 'interest and similar expense' in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument.

The application of the method has the effect of recognizing income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the Group estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses.

2.2.15 Fees and commission income

The Group earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. When the Group provides a service to its customer, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

Unless included in the effective interest calculation, fees and commissions are recognised on an accruals basis as the service is provided. Fees and commissions not integral to effective interest arising from negotiating or participating in the negotiation of a transaction from a third party, such as the acquisition of bonds, treasury bills, shares or other securities or the purchase or sale of derivative instruments, are recognised on completion of the underlying transaction.

2.2.16 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: Purchase cost on a first-in/first-out basis
- Finished goods and work in progress: cost of direct materials and labour.

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

2.3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.
Other disclosures relating to the Group's exposure to risks and uncertainties are disclosed under financial risk management.

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

a) Key estimates and assumptions

Taxes

Deferred tax assets are recognised for unused tax losses and capital allowances carried forward to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Allowance for impairment on trade and other receivables

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

Allowance for impairment on trade and other receivables - continued

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

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

b) Judgements

Determining the lease term of contracts with renewal and termination options

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

2.3 Significant accounting judgements, estimates and assumptions - continued

Determining the lease term of contracts with renewal and termination options - continued

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or to terminate.

The Group has however concluded that its leases are only enforceable for the periods that payments have been made and has therefore not recognised lease liabilities for any future lease payment.

Business combination under common control

During the year, the Cititrust Holdings Plc was incorporated as a holding company to manage and administer other companies withing the Group. With the exception of Cititrust Development Partners Limited, other group companies were incorporated during the year. Management determined that the acquisition of Cititrust Development Partners Limited was a business combination involving businesses under common control. In addition, the assets and liabilities of Cititrust Development Partners Limited were the same immediately before and after the business combination. See Note 36 for a summary of assets and liabilities acquired from Cititrust Development Partners Limited.

2.4 Standards issued but not yet effective

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

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short- duration which typically applies to certain non-life insurance contracts.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required.

2.4 Standards issued but not yet effective - continued

However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach. The Group does not expect this standard to have material impact on the financial statements.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.
Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments to the definition of material is not expected to have an impact on the financial statements of the Group.

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

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

The amendments must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight. Early application is permitted and must be disclosed. The Group will not be affected by these amendments on the date of transition. Effective for annual periods beginning on or after 1 January 2020.

The Conceptual Framework for Financial Reporting

Effective immediately for the IASB and the IFRS IC. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

2.4 Standards issued but not yet effective - continued

The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. Thus, no impact to the Group.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1
In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying laibilities as current or non-current.
The amendments clarify:
- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

This amendment is effective for annual reporting period begining on or after 1 January 2022. The Group do not expect this amendment to have a significant impact on its financial statement.

Covid-19-Related Rent Concessions – Amendment to IFRS 16
In May 2020, the IASB amended IFRS 16 Leases to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment does not apply to lessors.

As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments before 30 June 2021 and increased lease payments that extend beyond 30 June 2021).
- There is no substantive change to other terms and conditions of the lease.

Lessees will apply the practical expedient retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. The Company do not expect this amendment to have a significant impact on its financial statements.

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

2.4 Standards issued but not yet effective - continued

Reference to the Conceptual Framework - Amendments to IFRS 3 - continued

The amendments must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS Standards (March 2018). This amendment is effective for annual reporting period beginning on or after 1 January 2022. The Company do not expect this amendment to have a significant impact on its financial statement.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

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

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

The amendment must be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for first-time adopters. This amendment is effective for annual reporting period beginning on or after 1 January 2022. The Company do not expect this amendment to have a significant impact on its financial statement.

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

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed. This amendment is effective for annual reporting period beginning on or after 1 January 2022. The Company do not expect this amendment to have a significant impact on its financial statement.

2.4 Standards issued but not yet effective - continued

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

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

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

3 Segment information

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

Cititrust Holdings Plc provides holding services to all its subsidiaries. Cititrust Development services provides holding services to various subsidiaries. Other segments include Citytrust Group (Pty) Limited, Cititrust African Merchant Limited, Cititrust Investments Cote D'Ivoire Limited, CFS Assets Management Limited, Cititrust Investment Banking Company Limited, Cititrust Realties Limited and Cititrust Funding Plc. The Group management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated and separate financial statements.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below. The sources of revenue from all other segments relate to dividend income from its investment. An analysis of the Group's statement of profit or loss, total assets and liabilities are, as follows:

Segment profit or loss

December 2019	Cititrust Holdings Plc	Cititrust Development Partners Limited	Ghana CFS Everbond	Cititrust Realties Limited	All Other Segments	Total Segments	Adjustments and Eliminations	Consolidated
	₦'000	₦'000	₦'000		₦'000	₦'000	₦'000	₦'000
Revenue from contracts with customers	373,800	449,178	-	2,204,379	200,061	3,227,418	(373,800)	2,853,618
Interest and similar income	5,024	590,225	318,344	133	294,502	1,208,228	-	1,208,228
Interest and similar expense	(34,951)	(589,908)	(44,437)	(2,386)	(179,081)	(850,763)	-	(850,763)
Other revenue	-	1,229,775	-	-	-	1,229,775	-	1,229,775
Cost of sales	-	(1,643,552)	-	(2,173,453)	(291,038)	(4,108,043)	226,000	(3,882,043)
Gross profit	343,873	35,718	273,907		24,444	706,615	(147,800)	558,815
Fees and commission income	-	41,240	-	8,500	-	49,740	-	49,740
Fees and commission expense	-	(1,135)	-	-	-	(1,135)	-	(1,135)
	343,873	75,823	273,907	8,500	24,444	755,220	(147,800)	607,420
Other operating income	-	34,590	3,896	-	4,141	42,627	-	42,627
Net loss on investment securities	-	-	-	-	-	-	-	-
Credit loss expenses	(2,342)	(487,331)	(32,261)	-	-	(521,934)	-	(521,934)
Personnel expenses	(101,788)	(460,462)	-	(12,575)	(61,899)	(636,724)	-	(636,724)
Other operating expenses	(182,707)	(968,687)	(101,215)	(7,835)	(46,368)	(1,306,812)	152,680	(1,154,132)
Net profit/(loss) before income tax expense	57,036	(1,806,067)	144,327	(11,910)	(79,682)	(1,667,623)	4,880	(1,662,743)
Income tax expense	(77,639)	(209,569)	(41,962)	(4,189)	2,061	(331,298)	-	(331,298)
Net (loss)/profit for the year	(20,603)	(2,015,636)	102,365	(16,099)	(77,621)	(1,998,921)	4,880	(1,994,041)
Total assets	2,524,622	3,433,759	1,015,880	352,963	2,515,067	9,842,291	(4,294,534)	5,547,757
Total liabilities	2,045,225	5,325,199	634,786	330,389	2,216,584	10,552,183	(2,673,483)	7,878,700

4 Revenue from contracts with customers

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

	The Group 2019 ₦'000	The Company 2019 ₦'000
Royalties	46,150	373,800
Land sales	2,204,379	-
Other revenue	590,194	-
HMO	12,895	-
	2,853,618	373,800
Timing of revenue recognition		
Goods transferred over time	649,239	373,800
Goods transferred at a point in time	2,204,379	-
	2,853,618	373,800
By geographical location:		
Domestic	2,686,818	207,000
International	166,800	166,800
	2,853,618	373,800

5 Cost of sales

	The Group 2019 ₦'000	The Company 2019 ₦'000
Land sales	2,138,453	-
Purchase of foreign currency	1,226,316	-
Materials	506,539	-
HMO claims	6,045	-
Logistics and storage	4,690	-
	3,882,043	-

6 Interest and similar income

Interest and similar income calculated using the effective interest method

	The Group 2019	The Company 2019
Analysis by type:	₦'000	₦'000
Loans and advances to customers	1,174,253	-
Placements with other banks	33,975	5,024
	1,208,228	5,024

7 Interest and similar expense

Interest and similar expense calculated using the effective interest method

	The Group 2019 ₦'000	The Company 2019 ₦'000
Interest expense on loans and borrowings	425,914	34,951
Interest expense on fixed deposits	232,829	-
Interest paid on customers deposits	192,020	-
	850,763	34,951

8 Fees and commission income

	The Group 2019 ₦'000	The Company 2019 ₦'000
Credit related fees and commission	38,943	-
Commission income	8,500	-
Other fees	2,297	-
	49,740	-

9 Fees and commission expense

	The Group 2019 ₦'000	The Company 2019 ₦'000
Other fees	1,135	-
	1,135	-

10 Other revenue

	The Group 2019 ₦'000	The Company 2019 ₦'000
Sales of foreign currency	1,229,775	-

11 Other operating income

	The Group 2019 ₦'000	The Company 2019 ₦'000
Cargo fees	40,248	-
Foreign exchange gain	1,357	-
Credit reference information	1,022	-
	42,627	-

12 Net loss on investment securities

	The Group 2019 ₦'000	The Company 2019 ₦'000
Omoluabi's equities	5,412	
	5,412	-

13 Credit loss expense

	The Group 2019 ₦'000	The Company 2019 ₦'000
Financial assets:		
Impairment of trade receivables	300,986	2,342
Impairment of loans and advances	218,066	-
Impairment of cash and bank	2,882	-
	521,934	**2,342**

14 Personnel expenses

	The Group 2019 ₦'000	The Company 2019 ₦'000
Salaries and wages	614,376	98,788
Employee benefit	9,959	-
Other staff costs	12,389	3,000
	636,724	**101,788**

Other staff costs include medical expenses, gratuity paid to retired staff, vehicle grant allowance, housing allowance and other provisions.

15 Other operating expenses

		The Group 2019 ₦'000	The Company 2019 ₦'000
Write-off of other assets	Note 37	420,547	6,993
Directors' expenses		126,547	48,584
Other expenses		101,989	-
Depreciation of property, plant and equipment	Note 18	87,552	12,818
Repairs and maintenance		73,576	7,789
Office expenses		68,540	8,907
Professional and consultancy fees		54,300	8,956
Transport and travelling		52,930	30,114
Audit fees		26,914	7,500
Rent and rates		23,936	8,531
Short term leases		17,844	-
Overdraft charges		14,700	14,700
Advertisement expenses		13,232	7,692
Depreciation of right-of-use assets	Note 31	11,550	-
Insurance expenses		9,407	2,271
Entertainment		8,770	5,554
Bank charges		8,747	2,745
Printing and stationery		8,702	822
Telephone, postage and internet		8,501	2,203
Donation		4,516	4,216
Loss on disposal of property, plant and equipment		5,096	2,312
Licences and permits		3,206	-
Commission allowances		2,123	-
Amortisation of intangible assets	Note 19	391	-
Formation expenses		317	-
Tenders and bonds		199	-
		1,154,132	**182,707**

*Write-off includes receivables written off and net write-off of investment in subsidiaries due to underrecognition/overrecognition of these investments.

16 Income tax

The major components of income tax expense for the year ended 31 December 2019 are:

	The Group 2019 ₦'000	The Company 2019 ₦'000
Current tax:		
Company income tax	187,052	17,752
Education tax	8,591	1,714
Total current tax	**195,643**	**19,466**
Deferred tax:		
Deferred tax expense in profit or loss	135,655	58,173
Total tax expense in profit or loss	331,298	77,639
Deferred tax charged to OCI	-	-
Total tax charge for the period	331,298	77,639

16 Income tax - continued

16.1 Reconciliation of total tax charge

A reconciliation between the tax expense and the accounting profit multiplied by the Company's domestic tax rate for the year ended 31 December 2019 is, as follows:

	The Group 2019 ₦'000	The Company 2019 ₦'000
(Loss)/profit before taxation	(1,668,155)	57,036
Tax calculated at 30%	(500,447)	17,111
Adjusted for:		
Non-deductible expenses	746,744	8,604
Income not subject to tax	(59,245)	(7,963)
Education tax	8,591	1,714
Deferred tax liability	135,655	58,173
Income tax reported in the statement of profit or loss	331,298	77,639
Effective income tax rate for 2019	-20%	136%

16.2 Current income tax

	The Group 2019 ₦'000	The Company 2019 ₦'000
At 1 January	-	-
Acquired in business combination	107,968	-
Charge for the year	195,643	19,466
Payment during the year	(38,238)	-
At 31 December	265,373	19,466

16.3 Deferred tax liability

	The Group 2019 ₦'000	The Company 2019 ₦'000
At 1 January	-	-
Acquired in business combination	8,298	
Tax expense during the period recognised in profit or loss	135,655	58,173
At 31 December	143,953	58,173

17 Loss per share

Basic and diluted loss per share amounts is calculated by dividing the net loss for the year attributable to ordinary shareholders by the weighted average number of ordinary share outstanding at the reporting date.

The following reflects the income and share data used in the basic loss per share computations:

	The Group 2019	The Company 2019
Net loss attributable to ordinary shareholders for basic and diluted earnings (₦'000)	(1,998,972)	(20,603)
Weighted average number of ordinary shares for basic and diluted loss per share ('000)	1,000,000	1,000,000
Basic and diluted loss per ordinary share (Kobo)	(200)	(2)

18 Property, plant and equipment

The Group

	Telecom Towers	Land and Building ₦'000	Plant & Machinery ₦'000	Motor vehicle ₦'000	Computer equipment ₦'000	Office equipment ₦'000	Furniture and fittings ₦'000	CWIP Telecom Towers	Total ₦'000
Cost									
At 1 January 2019	-	-	-	-	-	-	-	-	-
Acquired in business combination (Note 36)	153,686	200,788	-	64,535	5,176	8,796	21,403	230,529	684,913
Additions	103,293	187,363	26,662	103,308	18,650	26,836	78,715	(76,843)	467,984
Disposal	-	(188,000)	-	(40,551)	-	-	-	-	(228,551)
At 31 December 2019	256,979	200,151	26,662	127,292	23,826	35,632	100,118	153,686	924,346
Depreciation									
At 1 January 2019	-	-	-	-	-	-	-	-	-
Acquired in business combination (Note 36)	7,684	224	-	9,946	1,168	1,009	4,109	-	24,140
Charge for the year	8,321	1,258	7,466	39,344	4,600	9,367	17,196	-	87,552
Disposal	-	-	-	(7,734)	-	-	-	-	(7,734)
At 31 December 2019	16,005	1,482	7,466	41,556	5,768	10,376	21,305	-	103,958
Carrying amount									
At 31 December 2019	240,974	198,669	19,196	85,736	18,058	25,256	78,813	153,686	820,388

The Company

	Land	Plant & Machinery	Motor vehicle	Computer equipment	Office equipment	Furniture and fittings	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost							
At 1 January 2019	-	-	-	-	-	-	-
Additions	181,598	3,802	36,162	4,298	2,475	5,756	234,091
Disposal	-	-	(4,040)	-	-	-	(4,040)
At 31 December 2019	181,598	3,802	32,122	4,298	2,475	5,756	230,051
Depreciation							
At 1 January 2019	-	-	-	-	-	-	-
Charge for the year	-	760	10,179	537	448	894	12,818
Disposal	-	-	(926)	-	-	-	(926)
At 31 December 2019	-	760	9,253	537	448	894	11,892
Carrying amount							
At 31 December 2019	181,598	3,042	22,869	3,761	2,027	4,862	218,159

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year for the Group and Company. Also, there were no capital commitments as at reporting date in respect of items of property, plant and equipment. No restriction exists on the title of any item of property, plant and equipment and none of these items of property, plant and equipment is pledged.

19 Intangible assets

	The Group 2019 ₦'000	The Company 2019 ₦'000
Cost		
At 1 January 2019	-	-
Acquired in business combination (Note 36)	2,235	
Additions	5,120	-
Disposal	(1,050)	-
At 31 December 2019	**6,305**	**-**
Depreciation		
At 1 January 2019	-	-
Acquired in business combination (Note 36)	450	
Charge for the year	391	-
Disposal	-	-
At 31 December 2019	**841**	**-**
Carrying amount		
At 31 December 2019	**5,464**	**-**

20 Investment securities

	The Group 2019 ₦'000	The Company 2019 ₦'000
Omoluabi Mortgage Bank Plc	439,588	
	439,588	-

This represents equity investment in Omoluabi Mortgage Bank. The movement in the investment in equity is as follows:

	The Group 2019 ₦'000	The Company 2019 ₦'000
At 1 January 2019	-	-
Additions	445,000	-
Fair value loss	(5,412)	-
At 31 December 2019	439,588	-

21 Investment in subsidiaries

	The Group 2019 ₦'000	The Company 2019 ₦'000
Cititrust Development Partners Limited	-	920,000
CFS Everbond Group Ghana Limited	-	317,681
Cititrust Group (PTY) Ltd	-	34,856
Cititrust African Merchant Limited	-	10,000
Cititrust Investments Cote D'ivoire Ltd	-	4,928
CFS Assets Management Ltd	-	50,000
Cititrust Investment Banking Company Rwanda Limited	-	100,000
South Atlantic Group Limited - Malawi	-	32,415
Cititrust Realties Limited	-	2,240
Cititrust Funding Plc	-	4,687
	-	**1,476,806**

21 Investment in subsidiaries - continued

Group entities

The subsidiary companies, country of incorporation, nature of business, percentage equity holding and period consolidated with the parent company are as detailed below:

Company name	Country of incorporation	Nature of business	Percentage of equity capital held (Direct holdings)	Financial year end
Cititrust Development Partners Limited	Nigeria	Holding Company	100%	31-Dec-2019
CFS Everbond Group Ghana Limited	Ghana	Holding Company	100%	31-Dec-2019
Cititrust Group (PTY) Ltd	South Africa	Holding Company	100%	31-Dec-2019
Cititrust African Merchant Limited	Nigeria	General contracts and investments	100%	31-Dec-2019
Cititrust Investments Cote D'ivoire Ltd	Cote D'ivoire	Real Estate	100%	31-Dec-2019
CFS Assets Management Ltd	Kenya	Fund Manager	100%	31-Dec-2019
Cititrust Investment Banking Company Rwanda Limited	Rwanda	Banking	100%	31-Dec-2019
South Atlantic Group Limited	Malawi	Financial Services	90%	31-Dec-2019
Cititrust Realties Limited	Nigeria	Real Estate	100%	31-Dec-2019
Cititrust Funding Plc	Nigeria	Portfolio Management	100%	31-Dec-2019

Cititrust Development Partners Limited was incorporated under the Companies and Allied Matters Act CAP C20, law of the Frderation of Nigeria 2004. The Company operates as a holding company to hold, finance and administer the following companies: Cititrust Financial Services Limited, EM Towers Limited, First Guaranty Healthcare Limited, Mapplefield Energy Resources, Cititrust Contracting Limited.

CFS Everbond Group Ghana Limited is a holding company whose business is to hold, manage, finance and administer the following companies: Everbond Holdings Limited, Everbond Financial Services Limited, Everbond Micro-Credit Limited, Ever Money Market Fund PLC, CFS Leasing Limited, Everbond Properties Limited and MEC General Services Limited.

Cititrust Group (PTY) Ltd was incorporated in South Africa, operating as a holding company to hold, finance and administer the following companies: Cititrust Capital Management (PTY) Limited, Cititrust Financial Services (PTY) Limited, Everbond Properties (PTY) Limited.

Cititrust African Merchant Limited was incorporated under the Companies and Allied Matters Act 2004. The principal activity of the Company is to carry out general contracts and investment activities.

Cititrust Investments Cote D'ivoire Ltd was incorporated in Cote D'ivoire with the primary activity of the Company as real estate management.

CFS Assets Management Ltd was incorporated in Kenya under the Kenyan Companies Act. The principal activity of the Company is to act as a Fund Manager.

21 Investment in subsidiaries - continued

Cititrust Investment Banking Company Rwanda Limited is set up to carry out central banking operations, foreign exchange activities, mobile money agents, other monetary intermediation, trust funds and similar financial entities, financial leasing, other credit granting. It also acts as a holding company.

South Atlantic Group Limited is incorporated in Malawi under the Malawi Companies Act, 2013. The main activity of the company is the provision of financial services.

Cititrust Realties Limited was incorporated in Nigeria under the Companies and Allied Matters Act 1990. The Company carries on the business of real estate, landed property sales, property managers, property development, etc.

Cititrust Funding Plc (formerly Cititrust Funding SPV Plc) is a portfolio management company, limited by shares and domiciled in Nigeria.

Material partly owned subsidiary
Financial information of subsidiary that have material non-controlling interest is provided below:
Proportion of equity interests held by non-controlling interests:

	The Group 2019	The Company 2019
South Atlantic Group Limited	-	10%

Profit allocated to material non-controlling interest:
The summarised financial information of the subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Consolidated statement of profit or loss and other comprehensive income

	South Atlantic Group Limited 2019 ₦'000
Revenue	81
Other income	315
Admin expenses	(7,265)
Income tax	2,061
Loss for the year	**(4,808)**
Attributable to:	
Equity holders of the parent	(4,327)
Non-controlling interest	(481)
	(4,808)

Summarized statement of financial position	2019 ₦'000
Deferred tax	2,042
Due from related parties	158
Due to related parties	(2,139)
Other receivables	2,585
Short-term investment	24,700
Cash and short-term deposits	217
Trade and other payables	(198)
Total equity	**27,365**
Attributable to:	
Equity holders of the parent	24,629
Non-controlling interest	2,737
	27,365

21 Investment in subsidiaries - continued

Summarised statement of cash flow	2019
	₦'000
Operating	(9,335)
Investing	81
Financing	9,696
Net increase in cash and cash equivalents	442
Cash and cash equivalents at 1 January	-
Foreign exchange difference	(225)
Cash and cash equivalents at 31 December	217

22 Cash and bank balances

	The Group	The Company
	2019	2019
	₦'000	₦'000
Cash at bank	919,117	197,021
Cash on hand	3,820	-
Short-term deposits	1,201,407	450,000
	2,124,344	647,021
Impairment allowance on cash and bank balances	(2,882)	-
	2,121,462	647,021

22.1 Impairment allowance for corporate lending

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL on corporate lending is as follows:

Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
	₦'000	₦'000	₦'000	₦'000
At 1 January 2019	-	-	-	-
New asset purchased	2,124,344	-	-	2,124,344
Transferred to Stage 3	(2,882)	-	2,882	-
At 31 December 2019	2,121,462	-	2,882	2,124,344

ECL	Stage 1	Stage 2	Stage 3	Total
	₦'000	₦'000	₦'000	₦'000
At 1 January 2019	-	-	-	-
New asset purchased	2,882	-	-	2,882
Transferred to Stage 3	(2,882)	-	2,882	-
At 31 December 2019	-	-	2,882	2,882

Cash and bank balances comprise cash on hand; cash balances with banks and short-term deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows.

22 Cash and bank balances - continued

22.2 For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December

	The Group 2019 ₦'000	The Company 2019 ₦'000
Cash at bank	919,117	197,021
Cash on hand	3,820	-
Short-term deposits	1,201,407	450,000
Less: impairment allowance	(2,882)	-
	2,121,462	647,021
Bank overdraft	(1,008,398)	(473,534)
	1,113,064	173,487

23 Loans and advances

	The Group 2019 ₦'000	The Company 2019 ₦'000
Loans and advances	1,001,874	-
Impairment allowance on loans and advances	(219,108)	-
	782,766	-

23.1 Impairment allowance on loans and advances

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL on corporate lending is as follows:

Gross carrying amount	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
At 1 January 2019	-	-	-	-
Acquired in business combination	285,400	177,863	276,518	739,781
New asset purchased	1,072,600	47,562	507,056	1,627,218
Assets derecognised or matured (excluding write-offs)	(285,400)	(177,863)	(276,518)	(739,781)
Amounts written off	-	-	(433,113)	(433,113)
At 31 December 2019	1,072,600	47,562	73,943	1,194,105

ECL	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
At 1 January 2019	-	-	-	-
Acquired in business combination	32	4	1,006	1,042
New asset purchased	144,900	265	507,056	652,221
Assets derecognised or matured (excluding write-offs)	(32)	(4)	(1,006)	(1,042)
Amounts written off	-	-	(433,113)	(433,113)
At 31 December 2019	144,900	265	73,943	219,108

24 Trade receivables

	The Group 2019 ₦'000	The Company 2019 ₦'000
Trade receivables	1,215,324	121,410
Allowance for impairment on trade receivables	(300,986)	(2,342)
	914,338	119,068

Terms and condition of the above financial assets:

Trade receivables are non interest bearing and are generally on terms of 30 and 90 days. See Note 42 for further explanation of impairment on trade and other receivables.

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

	The Group 2019 ₦'000	The Company 2019 ₦'000
At 1 January	-	-
Provision for expected credit losses	300,986	2,342
At 31 December	300,986	2,342

25 Other receivables

	The Group 2019 ₦'000	The Company 2019 ₦'000
Prepayments	664,803	7,219
Staff loan and advances	444	1,992
Due from related parties	-	53,587
Unpaid share capital	79,000	-
Interest receivable	79	-
WHT receivables	420	420
Others	31,414	350
Other advances	116,899	-
Formation expenses capitalised	6,973	-
Deposit for shares	-	-
	900,288	63,568

Included in prepayments are short term leases, prepaid expenses and deposit with CBN. Others includes value added tax receivables. Deposit for shares includes preoperational expenses incurred on Cititrust Portfolio Limited (a subsidiary of Cititrust Development Partners Limited). As at 2019, the Company is yet to commence operations.

26 Inventories

	The Group 2019 ₦'000	The Company 2019 ₦'000
Inventories	164,300	-

27 Interest-bearing loans and borrowings

	The Group 2019 ₦'000	The Company 2019 ₦'000
Cititrust Funding Plc	-	1,138,541
Cititrust Global Trading Limited	132,186	-
Bank overdraft	1,008,398	473,534
	1,140,584	1,612,075

27 Interest-bearing loans and borrowings - continued

Cititrust Funding Plc

On 12 December 2019, the Company received N1,131 million from Cititrust Funding Plc at 35% per annum with a 60 months tenure. The principal and interest will be repaid monthly starting from January 2020 over the remaining tenure of the loan.

Cititrust Global Trading Limited

The loan was obtained from Cititrust Global Trading Limited, a subsidiary of EM Towers. ₦18.6m was obtained during the year from which ₦18.0m has been paid.

28 Customer deposits

	The Group 2019 ₦'000	The Company 2019 ₦'000
Term deposits	5,172,264	
Savings account	44,597	
Current account	9,042	
	5,225,903	-

29 Deposit for shares

	The Group 2019 ₦'000	The Company 2019 ₦'000
At 1 January	-	-
Additions	1,266,200	-
Transfer to equity	-	-
At 31 December	1,266,200	-

30 Trade and other payables

	The Group 2019 ₦'000	The Company 2019 ₦'000
Intercompany payables	-	296,559
Trade payables	188,930	-
Accurals & other payables	172,057	49,685
Directors loan	42,338	-
WHT-tax	27,869	-
Audit fee payable	9,855	7,500
Pension payable	7,346	690
PAYE	5,358	656
ITF payable	406	406
NHF payable	15	15
	454,174	355,511

Terms and conditions

Trade payables are non-interest bearing and are normally settled on 60-day terms

31 Right-of-use assets

The Group has lease contracts for office buildings. Leases of office buildings generally have lease terms between 1 and 2 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group has certain leases of office buildings with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

31 Right-of-use assets - continued

	The Group	The Company
	₦'000	₦'000
At 1 January 2019	-	-
Addition	28,200	-
Depreciation expense	(11,550)	-
At 31 December 2019	16,650	-

There are no lease liabilities during the period. The following are the amounts recognised in profit or loss during the year:

	The Group	The Company
	₦'000	₦'000
Depreciation of right-of-use assets	11,550	-
Short term leases	17,844	-
	29,394	-

The Group had total cash outflows for leases of ₦41,500,000 in 2019 (2018: Nil). The Group had no non-cash additions to right-of-use assets and lease liabilities in 2019 (2018: Nil).

32 Share capital

	The Group	The Company
	2019	2019
	₦'000	₦'000
Authorised:		
1,000,000,000 ordinary shares of 50k each	500,000	500,000
Issued and fully paid:		
Ordinary shares of 50k each		
At 1 January	-	-
Shares issued and allotted during the year	500,000	500,000
At 31 December	500,000	500,000

33 Foreign currency translation reserve

Cumulative foreign exchange differences arising from translation of the Group's results and financial position into the presentation currency and from the translation of foreign subsidiary are recognised in foreign currency translation reserve.

34 Statutory credit reserve

Nigerian banking regulations require a Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16 (1) of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital. The Group made a transfer of N3.6 million to statutory reserves during the period ended 31 December 2020.

	The Group	The Company
	₦'000	₦'000
Balance at the beginning of the year	-	
Transfer from retained earnings (Note 35)	3,612	-
	3,612	-

35 Retained earnings

The movement on the retained earnings account during the year is as follows:

	The Group ₦'000	The Company ₦'000
At 1 January	-	-
Business combination	(790,391)	-
Loss for the year	(1,998,972)	(20,603)
Transfer to statutory reserve (Note 34)	(3,612)	
At 31 December	**(2,792,975)**	**(20,603)**

Included in business combination is the excess payment for the acquisition of the net assets of Cititrust Development Partners Limited.

36 Summary of net assets acquired

During the year, Cititrust Holdings Plc acquired the net assets of Cititrust Development Partners Limited. The acquisition was accounted for as a business combination under common control and the pooling of interest method was applied (See Note 2.2 - Summary of significant accounting policies and Note 2.3 - significant accounting judgements, estimates and assumptions for more information).

The net assets acquired from Cititrust Development Partners Limited are shown below:

Assets	₦'000
Non-current assets	
Property, plant and equipment	660,773
Intangible assets	1,785
	662,558
Current assets	
Inventories	670
Trade and other receivables	857,940
Prepayments	41,140
Loans and advances	738,739
Cash and short-term deposits	171,784
	1,810,273
Total assets	2,472,831
Non-current liabilities	
Deferred tax liabilities	8,298
	8,298
Current liabilities	
Interest bearing loans and borrowings	498,078
Trade and other payables	1,418,282
Deposits from customers	345,256
Current income tax payable	73,309
	2,334,925
Total liabilities	2,343,223
Net assets acquired	129,608

37 Write-off of other assets

*Write off of other assets includes write-off of receivables and write-off of investment in subsidiaries due to underrecognition/(overrecognition) of these investments. See details of write-off below:

	The Group 2019 ₦'000	The Company 2019 ₦'000
Loans and advances	433,113	-
Cititrust Development Partners Limited	170,202	7,319
Cititrust Benin Republic (formerly called African Merchant)	108	108
Cititrust Rwanda	(434)	(434)
Cititrust Group (PTY) Ltd	29,746	-
Cititrust Funding Plc	(145,313)	-
Cititrust Realties Limited	(7,760)	-
Cititrust Investments Cote D'ivoire Ltd	(56,672)	-
CFS Everbond Group Ghana Limited	226,794	-
South Atlantic Group Limited - Malawi	3,241	-
Royalty expenses	(147,800)	-
Interest bearing loans and borrowings	(84,679)	-
	420,546	6,993

38 Transactions with 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. The definition includes Directors and key management personnel among others.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year and balances at 31 December 2019.

	Relationship	The Group 2019 ₦'000	The Company 2019 ₦'000
Borrowings			
Cititrust Investment Banking Company Rwanda Limited	Subsidiary	84,679	-
Cititrust Funding Plc	Subsidiary	1,138,541	1,138,541
Cititrust Investments Cote D'ivoire Ltd	Subsidiary	180,050	-
Cititrust Development Partners Limited	Subsidiary	925,113	-
Cititrust Global Trading Limited	Parent	132,186	-
Due from related parties			
Cititrust Botswana	Subsidiary	3,187	3,187
Cititrust EMEA	Subsidiary	47,228	47,228
Cititrust Liberia	Subsidiary	3,173	3,173
Cititrust Funding Plc	Subsidiary	140,612	-
Due to related parties			
Cititrust Funding Plc	Subsidiary	-	235,000
Cititrust Development Partners Limited	Subsidiary	-	55,708
CFS Assets Management Ltd	Subsidiary	15,922	5,851
South Atlantic Group Limited	Subsidiary	2,139	-

39 Compensation of key management personnel

Key management personnel of the Company includes all Directors, executives and non-executives, and senior management. The summary of compensation of key management personnel for the year is as follows:

	The Group 2019 ₦'000	The Company 2019 ₦'000
Salaries and allowances	-	-
Post employment pension contributions	-	-
	-	-

The amounts disclosed in the table above are the amounts recognised as an expense during the reporting period related to key management personnel.

Compensation to employees and directors

The number of employees of the Company who received emoluments in the following ranges was:

	The Group 2019	The Company 2019
₦2,000,000 and below	-	-
₦2,000,001 - ₦5,000,000	-	-
₦5,000,001- ₦10,000,000	-	-
₦10,000,001 and above	-	-
	-	-

40 Contingent liabilities and capital commitments

There were no contingent liabilities and capital commitments at the end of the year.

41 Events after reporting date

In the first quarter of 2020, there was a COVID-19 outbreak which has spread globally. The outbreak has been declared a Public Health Emergency of International concern by the World Health Organisation (WHO) in March 2020. As at the date of this report, several cases have been confirmed in Nigeria by the Nigeria Centre for Disease Control.

The disease has caused a significant reduction in social interaction, with a shutdown of public facilities and physical interaction. Measures taken to contain the virus have affected economic activity.

In the light of these recent developments and its underlying impact, the Company has put in place measures to cushion the effects of COVID-19 pandemic together with other potential adverse macro-economic factors which will have an impact on the future results and financial position of the company.

Management has also considered the potential implications of this outbreak and have put in place measures to mitigate against a significant impairment of the carrying value of assets. The management is confident that there are no plans to liquidate any of the Company's operations or to cease trading.

However, it is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions used for some estimates and judgement, could require a material adjustment to the carrying amount of the asset or liability affected.

42 Financial risk management

Introduction and overview:

Key investment risks are the possibility of permanent loss of capital and erosion of future purchasing power. Our vision is to become a leading Investment Holding Company in Africa, being a diversified growth-oriented investment vehicle for wealth creation". Thus, need to find investments with attractive risk-adjusted returns and build portfolios that provide long-term value and sustain same in order to achieve the company's objectives and meet stakeholders' expectations.

To continually sustain the group and build a sound financial system, we adopted an enterprise wide, integrated approach to risk management. The key objectives are as follow:

·Gain a holistic view of the risks it is exposed to;
·Define its risk appetite based on its strategic objectives;
·Assess, measure and quantify the risks;
·Develop risk mitigation strategies and control techniques before the risk crystalizes;
·Enhance the overall performance of the group.

Sound enterprise risk management is sacrosanct to guarantee solid foundation, profitability and going concern. we promote risk management culture where risk is everyone's business from board level down to risk owners and units across the group.

To successfully achieve effective risk management, the group maintained a critical balance between the pursuit of opportunities and the need to have a firm control over the risks facing the entire group. In this regard, the Enterprise Risk Management Framework was developed to establish and sustain leading risk management practices, sets out a top-level framework for the consistent management of risk across Cititrust Holdings Plc. It has been developed in line with the commitment of the Board of Directors ("the Board") and the Management to achieve its strategic business objectives and to grow its risk management maturity level.

Our Risk management approach addresses all risks associated with the group's objectives for the purpose of achieving sustained benefits within each activity and across the portfolio of all activities. The risks arising from financial services to which the Group is exposed are financial and nonfinancial risks, which includes equity investment risks, Credit risk, Liquidity risk, Market risk, (foreign exchange, interest rate) Operational risk, Legal, Compliance, Strategic, Reputational, Information security, Environmental and Social risk.

Internal business decisions at the subsidiaries are generally specific, with a limited impact on a diversified portfolio. Position sizing and knowledge of corporate strategy provide our investment committees with an understanding of the portfolios' specific risks. The impact of external economic variables can be more pervasive as commodities, currencies, interest rates, and other external factors affect the success of a large number of individual companies across our African subsidiaries and economic sectors.

We considered risk to be an integral part of the group's business and the group will not seek to avoid risks, but will understand, manage and effectively evaluate them in the context of expected return in order to meet the stakeholders' expectations and the group objectives. As part of its risk management policy, the Group segregates duties between market-facing business units and risk management functions while management is governed by well-defined policies, which are clearly communicated across the Group. Risk related issues are taken into consideration in all our business decisions and the Group continually strives to maintain a conservative balance between risk and revenue consideration. Continuous education and awareness of risk management has strengthened the risk management culture across the Group.

42 Financial risk management - continued

Risk Management Philosophy

The key elements of the risk management philosophy are the following:

- The Group considers sound risk management to be the sustainability of a financial institution.
- Risk management is governed by well-defined policies that are clearly communicated across the Group.
- Risk management is a shared responsibility and all staff take responsibility as they are continually abreast of the inherent risks.
- The Group's risk management governance structure is clearly defined with a deep sense of responsibility, professionalism and respect for other parties;
- Risk are well considered in all our business decision;
- Risks are adequately reported and fully to the appropriate levels across the group once they are identified for mitigation purposes.
- All subsidiaries are guided by the principles provided in the risk management policies of the Group.

Risk Appetite

This is the aggregate level (amount) and types of risk the group is willing to assume within its risk capacity in order to achieve its strategic objectives and business plan. It reflects potential impact on earnings, capital and liquidity. The threshold is usually the Risk committee's responsibility. The parameters vary and also based on the group's policy as approved by the Board. It reflects the enterprise's risk management philosophy, and in turn influences the entity's culture and operating style.

Risk Appetite Statement (RAS)

The Statement considers the most significant risks to which the group is exposed and provides an outline of the approach to managing these risks. All strategic plans and business plans for functional areas need to be consistent with this Statement. It includes qualitative statements as well as quantitative measures expressed relative to earnings, capital, risk measures, liquidity and other relevant measures as appropriate. The RAS sets the tolerance for risk-taking in Cititrust's operations within the group's risk-bearing capacity. Risk limits and risk profile assessment are other key elements in the implementation of the group's risk appetite framework.

Risk Appetite Framework (RAF)

This is the overall approach, including policies, processes, controls, and systems through which risk appetite is established, communicated, and monitored. It includes a risk appetite statement, risk limits, and an outline of the roles and responsibilities of those overseeing the implementation and monitoring of the RAF. The RAF considers material risks to the group, as well as to its reputation vis-à-vis business holders, investors and customers.

The maximum level of risk we assumed given our current level of resources before breaching constraints determined by regulatory capital and liquidity needs, the operational environment and obligations, also from a conduct perspective to stakeholders.

Enterprise Risk Management Framework

The risk management framework of the Group consists of a comprehensive set of policies, standards, procedures and processes designed to identify, measure, monitor, mitigate and report significant risk exposures in a consistent and effective manner across the Group. With an increasing focus on consistency and transparency, the Group regularly assesses and enhances its risk management framework to ensure it is fit-for purpose and current happening in the industry.

42 Financial risk management - continued

Our risk management process affects our board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of our business objectives. It is a consistent approach to setting the best course of action under uncertainty by identifying, assessing, understanding, acting on and communicating risk issues and opportunities.

Enterprise Risk Management Objectives:

- To ensure that threats to our strategic plans and business investments are promptly identified and well mitigated against;
- To ensure that our business growth plans are consistent with our risk appetite and supported by an effective and efficient risk management function;
- To identify any real and perceived risks exposures that may impact or be associated with the effective and efficient management and co-ordination of the Company's activities;
- To integrate risk management into the culture and strategic decision-making processes of the Company;
- To ensure that top management as well as individuals responsible for risk management possess the requisite expertise and knowledge to accomplish their functions; and
- To comply with appropriate regulations and leading industry practices.

Risk management Principles Employed

Below are the group's principles underpinning the Framework and guided how we effectively and efficiently manage risk at all levels. These principles are communicated across the group from time to time.

‣Embedding - ERM is fully embedded within the major functional and operational processes just as strategic planning and performance measurement system.

‣Creating and Protecting Value - our Enterprise Risk Management contributes to the achievement of our objectives and improves performance in areas such as corporate governance, project management, business model and health and safety of staff.

‣Consistency - We adopt a consistent approach for the identification, assessment, monitoring, mitigation, control and communication of risks associated with all of its activities, functions, processes, and events in an effort to efficiently and effectively achieve its corporate objectives.

‣Risk Awareness - We foster a result driven and risk awareness culture to move the company to a position where decisions are taken with full consideration of relevant risks and their implications.

‣Ownership - Specific risk owners within the group's workforce have sound understanding of the risk impacting their operations or areas of responsibility and able to respond with appropriate strategies and mechanisms to identify, assess, monitor, and control those risks.

‣Accountability - Risk owners within the group are held accountable for the risk management actions in their respective areas of responsibility.

‣Authority - Risk owners have the required level of authority and flexibility to determine and execute the proper course of action to mitigate the risk in their respective areas of responsibility.

‣Communication - our information system is continually updated to accommodate data input necessary for proper assessment and monitoring of risks.

42 Financial risk management - continued

Risk Management Principles Employed

The Group manages it risks broadly in a systematic and transparent manner through its robust enterprise risk management framework and a risk governance policy through the application of best practices that are supported by a healthy governance structure which made up the Board risk committee, executive management committees and various risk related departments. The Board drives the risk governance and compliance process through its committees. The audit committee provides an oversight function on internal control, financial reporting and compliance. Credit policies are reviewed regularly by the Board credit committee and approves all loans above the limits of the Executive Management as stated in the credit policies.

The Board Risk Committee sets the risk philosophy, appetite, policies and strategies as well as supervises various risk elements and their management. The Board Risk Control Functions are supported by various management committees and sub committees groupwide which help the development and implementation of various risk strategies, and ensures that the overall risk exposures are within the thresholds set by the Board. The management credit committee manages the credit approval and documentation activities, ensures that the credit policies and procedures are aligned with the business objectives and strategies while the Management Risk committee drives the management of the financial risks (Market, Liquidity and Credit Risk), strategic risks as well as operational and reputational risks.

Key features of the Group's risk management policy are:

- The Board of Directors provides overall risk management direction and oversight;
- The Group's risk appetite is approved by the Board of Directors;
- Board's attention is drawn regularly to new developments relating to various guidelines, governance anc rules guiding the business;
- Quarterly risk report is reviewed by the Board committee.
- Risk management is embedded in the Group as an intrinsic process and is a core competence of all its employees;
- The Group manages its credit, market, operational and liquidity risks in a coordinated manner across the subsidiaries;
- The Group's risk management function is independent of the business divisions; and
- The Group's internal audit function reports to the Board Audit Committee and provides independent assurance of the business units' compliance with risk policies and procedures, and the adequacy and effectiveness of the risk management framework on the enterprise.

Cititrust reviews and improves its risk management policies regularly and the system to reflect changes in markets, products and international best practices. An essential part of the Group's risk management is building capacity through training, holding individual officer responsible and accountable with discipline and careful control culture. The Board of Directors ensures strict compliance with relevant laws, rules and standards issued by the industry regulators and other law enforcement agencies, market conventions, codes of practices promoted by industry associations and internal policies.

42 **Financial risk management - continued**

Risk Governance Structure, Roles and Responsibilities
Our risk governance framework is designed based on the "three lines of defence" model as follows:

First line of defence - Business and Process Owners
This consists of business units and line functions with primary responsibilities for risk management. The first line of defence involves the actual business operations where the transactions are entered, executed, valued and recorded. Most preventive controls are implemented at this level and detective controls help to manage control breaks at the transaction level.

The primary responsibilities and objectives of the first line of defence are listed below:

- Identifying emerging risks at the transaction/business case level;
- Executing risk assessment and supporting the development of the risk register;
- Implementing actions and the process to manage and treat risks at the transaction level; and
- Ensuring compliance with the group's policies and regulatory guidelines.

Second line of defence - Financial risk management and Controls Functions
The second line of defence consists of all risk and control functions responsible for providing independent risk oversight of the execution of frontline controls and monitoring the effectiveness of the Cititrust's risk management processes. The second line of defence is responsible for the following:

- Providing oversight over key risks to which Cititrust is exposed.
- Establishing risk management policies and processes
- Providing guidance and coordination among all monitoring participants (finance, internal control, compliance and legal units)
- Identifying enterprise trends, synergies and opportunities for change
- Initiating change, integrating and making new monitoring processes operational

Third line of defence - Internal Audit, External Audit, Audit Committee
The third line of defence consist of all functions with primary responsibilities for assessing and providing independent assurance on the adequacy, appropriateness and effectiveness of Cititrust's overall risk management framework, policy and risk plan implementation. It provides independent perspectives on the overall control framework and tests the adequacy of the control's design and effectiveness. The main duties of this line of defence include:
- Providing oversight on the risk management process
- Perform regular audits on completed risk control framework
- Performing internal control reviews based on a rationalized and systematized approach that allows for risk assessment and governance reporting
- Reporting to the Board Committee and the Chief Executive on the state of the control environment or gaps in the controls or monitoring environment; or the status of remediation plans and or potential current and future risks.

42 Financial risk management - continued

Enterprise Risk Management Structure

The Board of Directors has overall responsibility for the establishment of the Group's Financial risk management framework and exercises its oversight function through its various committees. These committees are responsible for developing and monitoring risk policies in their specific areas and report regularly to the Board of Directors. The Board Committees are also assisted by the various Management Committees in identifying and assessing risks arising from day to day operations of the Group.

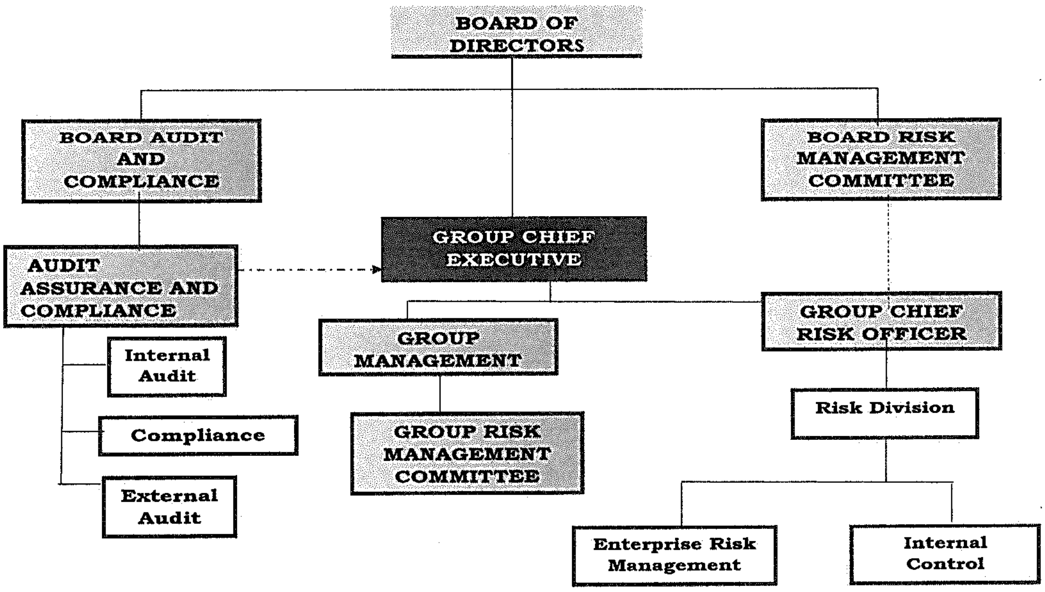

Figure: Financial risk management Structure

Responsibilities of Stakeholders

Responsibilities of the Board of Directors

The Board has the overall responsibility of implementing the Enterprise Risk Management framework and other responsibilities include the following;

- Setting the tone for risk management by establishing risk appetite and risk tolerance for each business unit;
- Delegate authority to Risk Committee for direct governance and oversight over all risk management activities;
- To provide oversight and inquire management about existing risk management processes and challenge management to demonstrate the effectiveness of risk management process;
- Review the communication mechanism to ensure transparent reporting of significant risks;
- Understand and assess business strategies with risk exposures.

Responsibilities of the Board Risk Management Committee

The Committee assist the Board in its oversight functions over the group risk management practices. The Committee review the risk management framework, strategy and policies; determine the group's risk appetite and monitor our risk profile against this appetite; ensure that the risk management framework, strategy, policies and procedures for managing risks are adequately communicated to all staff; advise Management to take necessary steps to identify, measure, monitor, control and report all risks we are exposed to; and create an atmosphere of open communication between the Internal and External Auditors and the members of the Senior Management.

42 Financial risk management - continued

Responsibilities of the Executive Management Committee

The Executive Management is responsible for defining, documenting and implementing the group risk management strategy and policies; ensuring that there are policies and procedures for managing and mitigating the adverse effects of business and control risks; evaluating the group's risk profile, developing action plans to manage risks, and monitoring progress against the plans; reviewing risk reports on a regular and timely basis as provided by the group risk committee; developing policies and procedures for identifying, measuring, controlling, monitoring and reporting risk.

Responsibilities of the Group Risk Committee

The is inaugurated by the Group Management Council (GMC) and the GMC annually review the terms of reference and the effectiveness of the Committee. The Duties and Authority of the committee include:

‣ The Committee's primary role is to provide guidance to the GMC with regard to the Group's risk appetite, to provide advice on what constitutes acceptable risk taken and to provide oversight of the Group's risk management policies and procedures.

‣ As part of its oversight, the Committee must review and approve a robust framework to ensure that the identification, monitoring, managing and reporting of risks is embedded in the Group.

The Committee's main responsibilities are to:

‣ Submit regular reports on key risk matters that may impact the Group and to provide advice as to the appropriate action to be taken where necessary.

‣ Provide advice to the Board in relation to the Group's overall risk appetite for each of the categories of principal risk to which the Group may be exposed being Insurance risks; Investment and market, liquidity, and counterparty credit risks; Regulatory and legal changes; Material business and operational risks; Reputational risks; Conduct risk and such other principal risks as determined from time to time.

‣ Provide to the GMC, current risk exposures of the Group and oversee the management of those categories of risk to which the Group may be exposed.

‣ Provide oversight of the Group's overall risk framework ensuring that the principal risks are being appropriately assessed; and to delegate any necessary changes in Group risk policies (including the Own Risk & Solvency Assessment Policy).

‣ Review the Group Risk Appetite and to advise the GMC on its appropriateness; and review Group risk strategy, policies and procedures.

‣ Monitor the impact of the principal risks on the Group's strategy and consider changes to the risks arising at a Group level as a consequence of the Group's strategy, market and regulatory events.

‣ Review the Financial risk management section of the Corporate Governance Report to be included in the Group's annual Report and Accounts and to make a recommendation to the GMC regarding its acceptance.

‣ Oversee the governance of the Group's Internal Model including ratification of all changes proposed to the Model.

‣ Advise the Board on the overall operation and performance of the Group's Internal Model, approving its strategic direction and, where appropriate, recommending major changes to the Board for approval. The Committee will also escalate material deficiencies of the Model (identified through the validation process or otherwise) to the relevant Board(s) if there are implications for the use of the Model in reporting or decision-making.

‣ Approve and oversee the development of the "Own Risk and Solvency Assessment" designed to measure, aggregate and monitor risks in accordance with strategy, policy and principles.

42 Financial risk management - continued

▸Review the Group's Own Risk and Solvency Assessment (ORSA) report and to make a recommendation tc the Board regarding its acceptance.
▸Review the appropriateness of stress tests, scenario analysis and reverse stress tests, reviewing results an proposing the necessary action.
▸Delegate authority to the Group Chief Risk Officer to approve minor revisions to the Groups' principal risk categories in between meetings of the Committee to ensure that the categories are kept up to date, such revisions being reported to the next meeting of the Committee

Internal Audit Unit
Internal Audit Unit provide the following responsibilities:
▸ Provide independent assessment and evaluation of the adequacy and effectiveness on the group Enterprise Risk Management Framework;
▸ Perform periodic review to determine compliance with the group's risk policies;
▸ Assess the adequacy of the group risk assessment and measurement methodology;
▸ Assess the effectiveness of the group risk monitoring and reporting process; and
▸ Conduct an independent assessment and evaluation of the risks in the activities of each Business Unit.

Risk Assessment
Our risk assessment follows the risk identification exercise. It involves analyzing the risks to arrive at a level that describes Cititrust's exposure. This is performed by determining the level of impact and the likelihood of occurrence of the risk crystalizing. The aim is to focus Management's attention on the most important risks and possible opportunities. Risk assessment sets the groundwork potentially for risk response and mitigations.

Extreme: These risks pose significant challenge to the achievement of Cititrust's objectives and could pose a threat to the Company. Risks rated high are reported to Management for appropriate attention.

Moderate: These risks could affect the short-term goals of Cititrust. Depending on the goal they affect, they could require the attention of Management, but could usually be handled by a senior staff.

Low: These risks are expected to happen in the normal course of business. The effect of such risks on the Company's goals or objectives is usually minimal and they can be handled effectively by lower-level staff.

Methodology for Risk Rating
The risk management strategy is to develop an integrated approach to risk assessments, measurement, monitoring and control that captures all risks in all aspects of the Group's activities.

All activities in the Group have been profiled and the key risk drivers and threats in them identified. Mitigation and control techniques are then determined to tackle each of these threats. These techniques are implemented as risk policies and procedures that drive the strategic direction and risk appetite as specified by the Board. Techniques employed in meeting these objectives culminate in the following roles for the risk control functions of the Group:

42 Financial risk management - continued

- Develop and implement procedures and practices that translate the Board's goals, objectives, and risk tolerances into operating standards that are well understood by staff;
- Establish lines of authority and responsibility for managing individual risk elements in line with the Board's overall direction;
- Risk identification, measurement, monitoring and control procedures;
- Establish effective internal controls that cover each risk management process;
- Ensure that the Group's risk management processes are properly documented;
- Create adequate awareness to make risk management a part of the corporate culture of the Group;
- Ensure that risk remains within the boundaries established by the Board; and
- Ensure that business lines comply with risk parameters and prudent limits established by the Board;

The CBN Financial risk management Guidelines prescribes quantitative and qualitative criteria for the identification of significant activities and sets a threshold of contributions for determining significant activities of the subsidiaries under its regulation. This practice is essentially to drive the risk control focus of financial institutions.

Risk management structures and processes are continuously reviewed to ensure their adequacy and appropriateness for the Group's risk and opportunities profile as well as with changes in strategy, business environment, evolving thoughts and trends in risk management.

Techniques for Assessing Risks

We adopt a combination of the following approaches to assess risks within the group:

- System Based Assessment - This approach involves the use of surveys to determine the maximum possible impact and the possibility of determining the level of risks Cititrust is exposed to. Surveys are sent to relevant stakeholder across departments and divisions.

- Facilitated Workshop- where relevant staff with experience within their business process shall meet to discuss and evaluate likelihood and impact to arrive at appropriate ratings for each identified risk

- Interviews: This approach is desirable where there are changes in the business environment when necessary to support and update the system-based assessment.

Measurement Techniques

Our risk assessment methodology comprises of a combination of quantitative and qualitative techniques. Quantitative techniques are appropriate for risks that lend themselves to calculation such as financial risks (interest rate risk, inflation risk and treasury risk, etc). According to COSO (2004) quantitative techniques typically bring more precision and are used in more complex and sophisticated activities. Where obtaining or analyzing data is not cost effective, qualitative assessment is applied. In such cases more subjective means are utilized, the most important of which is the expert judgement of management.

It is important to measure firstly those risks that can reliably be measured. A qualitative risk measurement indicator for those risks more difficult to measure may be used. As a rule though, all risks, specifically the business-type risks, should be measured using the risk quantification base even when the result appears very subjective.

42 Financial risk management - continued

Determining the residual risk level

Residual risk level is determined after assessing the gross risk level (level of risk determined prior to the control evaluation) and current control effectiveness rating. The resultant risk exposure after taking these controls into consideration is known as residual risk. To assess the effectiveness of the current control over identified risks, the following questions are considered:

- Are all appropriate controls present?
- Does the control address the risk effectively?
- Is the control officially documented and communicated?
- Is the control in operation and applied consistently?
- Is the control reviewed by anyone independent of the person performing the control procedure?
- Is the control excessive in mitigating the risk such that a review is required?

Risk Rating Criteria

The levels of the risks identified shall be determined by considering two factors; Magnitude of impact of the risk and likelihood of occurrence.

1.) Magnitude of Impact of the Risk

The magnitude of impact of the risk is defined using a five-point scale with five (5) being the highest and one (1) the lowest.

2.) Likelihood of Occurrence

Some events happen once in a lifetime; others can happen almost every day. The analysis of risk requires an assessment of their frequency of happening.

Determining the Target risk level (Desired Risk Level)

The group target risk is the desired level of residual risk exposure and our attempts to achieve the target risk level by implementing the proposed mitigations for identified risks. Cititrust understands that a successful implementation of proposed mitigating control will improve the control effectiveness rating.

Risk Mitigation

Having identified and assessed the risks, the next step is to determine an appropriate risk treatment strategy. The risk treatment approach involves selecting and agreeing to relevant options for changing the probability of occurrence and the impact of risks, or both, and going ahead to implement the options.

Risk Mitigation Approaches

We apply any or a combination of the following four approaches to treat risks:

Risk Termination/Elimination

In this approach, we shall make decisions that isolate us from further contact with such risks once the risk likelihood is considered very critical. Some instances of risk termination include opting out of certain activities because of inadequate knowledge of their processes, businesses or industries.

Risk Tolerance/Retention

Under this approach, we acknowledged the risk, but we may not take measures to halt the likelihood of such situation occurring or to minimize the risk associated with it. We adopt this approach where the cost of mitigation exceeds the benefit or loss incurred should the risk occur.

42 Financial risk management - continued

Risk Treatment/Mitigation
Under this approach, we acknowledged the risk and take steps to reduce the risk's likelihood and/or impact. Some of the steps taken to mitigate the impact or likelihood of risk occurrence include the following:

- Formulate or Enhance Policy.
- Define Authority Limits.
- Improve Processes.
- Strengthen/Implement New Controls.
- Continuous Education and Training Program.
- Obtain Expert Advice.

Risk Transfer/Sharing
Under this approach, we transferred our risks to other sources. Some common practices involved in risk sharing include:

- Purchasing various forms of insurance;
- Hedging risk in the foreign exchange market;
- Sharing risk through syndicated investments or strategic alliance; and
- Outsourcing

The choice of the treatment option used depends on the type and nature of the risk, outcome of a cost benefit analysis. We considered all direct and indirect costs and measure all benefits whether tangible or intangible before reaching a decision.

ERM and Business Continuity (BCM) Framework
Business continuity management has the added value of helping the group identify operational resiliency improvements that can greatly enhance our ability to weather interruptions that would otherwise significantly challenge competitors. ERM and business continuity management share the common goals of identifying, assessing, and managing interruption risks that could serve to prevent achievement of their strategic objectives.
Business continuity management and enterprise risk management complement one another, and both are necessary in today's high-risk business environment.
ERM and BCM share the common goals of identifying, assessing, and managing interruption risks that could serve to prevent achievement of their strategic objectives.
Business continuity helped to understand the principles found in the enterprise risk analysis process in order to deliver higher levels of value with the objective of managing risk likelihood and impact. A holistic approach is adopted to all risks within the categories with perspectives across board, holding key individuals responsible for managing critical risks within the scope of their responsibilities.

Strategies for risk management under the current economic conditions
Considering the economic outlook in the year gave insights into the group's strategies development and its implementation even in the face of uncertainties during the year. The group measures its resilience regularly to accommodate changes in micro and macro environments with specific actions to address any observed or anticipated challenges. We strongly believe that we are well positioned to deal with liquidity risk and funding challenges that may arise from any adverse situations and our capital and earnings capacity (profitability) can withstand the shocks that may arise and test of time.

42 Financial risk management - continued

The group will continue to support its customers as much as possible in terms of tailored financial services; credit facilities and performance obligations (restructuring repayments to match cash-flows, where necessary); provision of timely foreign exchange funds to meet their international business payments; and other services as may be required from time to time in line with the business and objectives of the group.

Some of the key risk management strategies in the period include the following:

- Continuous review and monitoring of our portfolios;
- Cautiously grow quality risk assets while maintaining adequate level of capital as provided in the guidelines;
- Credit facilities are properly secured, thus, very few unsecured loans;
- Source for cheaper and stable funds;
- Drive other income sources as much as possible. Seek new sources and champions;
- Further develop SME/Retail product sales for financial inclusions;
- Ensure that the Net Interest Margin (NIM) is maintained for all changes in interest rates;
- Monitor impact of global economy in commodity pricing, Foreign Direct Investment (FDI) inflows and general behavior of local economy to the changes in the global market for necessary action;
- Provision of foreign exchange funding through our BDC company and export proceeds;
- Improve customer service delivery through our continuous improvement on processes, turn-around time and trainings;
- Continuous improvement on our technology/digital platforms - This is to aid cyber security, customers' confidence, loyalty and group reputation.

42 Financial risk management - continued

The Group's principal financial liabilities comprise loans and borrowings, customer deposits and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables and other receivables, and cash and cash equivalents that derive directly from its operations. The Group is exposed to market risk (interest rate), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

42.1 Credit risk

Credit risk remains the top risk for the subsidiaries of the group and we placed eminence proper and efficient management of credit risk. Credit risk is the potential for losses due to failure of the borrowers or counter parties' meeting their contractual obligation to pay back both principle and interest for loans advanced or other service related in accordance with the agreed terms. Credit risk does not only arise when a customer defaults on his obligations but also when his payment capability decreases thereby reducing the quality of the risk assets.

The following principles guide our credit risk management across group:

- Implement and constantly review our credit policy and operating procedures;
- Extend credit to only suitable and well profiled customers;
- Ensure a proper balance between days receivable and days payable to ensure liquidity;
- Ensure loans/credits considered uncollectable are adequately provided for;
- Ensure that there are consequences for non-compliance with the Company's credit policies.

Management of credit risk

The Risk Management function of each subsidiary has specific and overall responsibility for facilitating risk asset creation and exposure management processes across the Group. The Operational Manual with other regulatory guidelines are the primary reference document for creating and managing credit risk exposures. The credit documents state clearly the general policies and procedures, framework for credit risk management across the subsidiaries and incorporates provisions for marketing, risk analysis, approval, administration, monitoring and reporting of risk exposures.

The Credit Risk Management Policy documents are designed to:

- Create quality risk assets;
- Provide a robust guide and framework in creating and managing risk assets;
- Standardize credit policies, give employees clear and consistent direction for the creation of risk exposures across within the group;
- Ensure early detection of issues around credit facilities and prudent management of deterioration in credit quality;
- State the requirements for administration and reporting of individual exposures and the overall risk asset portfolio; and
- Provide general framework on the management of credit risk policies and procedures and articulate same by the Risk Management function of each subsidiary.

42.1 Credit risk - continued

Risk limit control and mitigation policies

The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries and countries. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments.

In line with the Group's credit policy, a detailed portfolio plan is prepared annually and provides a framework for creation of credits and risk appetite development. In drawing up the plan, the Group reviews macro-economic, regulatory and political factors, identifies sectors/industries with opportunity as well as the Group's business targets to determine the appropriate limits.

The limits include:

- Maintenance of aggregate exposure within the risk appetite;
- Maintain regulatory lending limit in each of the jurisdiction in which it operates.
- Adoption of industry/economic sector limits in line with the industry standards and best practice.
- Presently, the Group's exposures outside Nigeria are taken by its subsidiaries to other African countries, which operate within the country limits defined by their Boards of Directors.
- Retail borrowers' limits are kept low and graduated with credit scoring, forecast cash flow and realizable value of collateral.
- The Group also sets internal credit approval limits for various levels in the credit process. This is reviewed as it may require from time to time.

Group

31 December 2019	1 -12 months ₦'000	Above - 12 months ₦'000	Total ₦'000
Cash and bank balances	2,121,462	-	2,121,462
Debt instruments at amortised cost	782,766	-	782,766
Trade receivables	914,338	-	914,338
Other receivables	900,288	-	900,288
Total assets	4,718,854	-	4,718,854

Company

31 December 2019	1 -12 months ₦'000	Above - 12 months ₦'000	Total ₦'000
Cash and bank balances	647,021	-	647,021
Trade receivables	119,068	-	119,068
Other receivables	62,798	-	62,798
Total assets	828,887	-	828,887

42.1.1 Impairment assessment

The references below show where the Group's impairment assessment and measurement approach is set out in the financial statements. It should be read in conjunction with the Summary of significant accounting policies.

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

42 Financial risk management - continued

42.1.1 Impairment assessment - continued

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

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

The 12-month and Lifetime PDs are derived by mapping the external rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs, etc. - are monitored and reviewed on a regular basis. In estimating the impact of the coronavirus outbreak on the ECL, individual assessments have been carried out using current and forecast macro economic variables that depicts economic effect of the cornonavirus.

The credit risk is deemed to have increased significantly if contractual payments are more than 30 days past due. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group (if any). A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Summary of significant accounting policies and in Use of estimates, assumptions and judgements. To ensure completeness and accuracy, the Group obtains the data used from third party sources (International Rating Agencies, National Bureau of Statistics etc.) and a team from Risk Management Department verifies the accuracy of inputs to the Group's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Group's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2019.

31 December 2019

Key drivers	**ECL Scenario**	**Assigned probabilities**	**2020**	**2021**
Unemployment rate %	Upside	10%	17%	15%
	Base case	81%	34%	34%
	Downside	9%	36%	36%
Inflation rate %	Upside	10%	13%	14%
	Base case	81%	12%	12%
	Downside	9%	12%	12%
Crude oil price	Upside	10%	54	56
	Base case	81%	52	54
	Downside	9%	50	52

42 Financial risk management - continued

42.1.1 Impairment assessment - continued

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

31 December 2019

Group

	Debt instruments at amortised cost	Cash and bank balances	Trade receivables	Total
	₦'000	₦'000	₦'000	₦'000
Upside (10%)	21,911	289	30,098	52,298
Base case (81%)	177,477	2,334	243,799	423,610
Downturn (9%)	19,720	259	27,089	47,068
Total	219,108	2,882	300,986	522,976

Company

	Trade receivables	Total
	₦'000	₦'000
Upside (10%)	234	234
Base case (81%)	1,897	1,897
Downturn (9%)	211	211
Total	2,342	2,342

42.1.2 *Credit risk concentration*

The credit risk analysis below is presented in line with how the Group manages the risk concentration. The Group manages its credit risk exposure based on the carrying value of the financial instruments.

As at 31 December 2019

Group

	Real estate	Financial Services	Others	Total
	₦'000	₦'000	₦'000	₦'000
Cash and bank balances	-	2,124,344	-	2,124,344
Trade receivables	25,200	732,461	457,663	1,215,324
	25,200	2,856,805	457,663	3,339,668

Company

	Real estate	Financial Services	Others	Total
	₦'000	₦'000	₦'000	₦'000
Cash and bank balances	-	647,021	-	647,021
Trade receivables	25,200	91,210	5,000	121,410
Other receivables	-	-	53,587	53,587
	25,200	738,231	58,587	822,018

42 Financial risk management - continued

Collateral held as security to mitigate credit risk

The Group places priority on the primary source of repayment rather than the secondary source. However, because of uncertainties businesses are surrounded with, we employ a range of policies and practices to mitigate credit risk and the most common of these is accepting collateral for funds advanced taking into cognizance the security adequacy on all exposures.

The Group has internal policies on the acceptability of specific classes of collateral for credit risk mitigation. Collateral values are assessed by a professional at the time of loan origination and are thereafter monitored in accordance with the provisions of the credit policy. The principal collateral types for loans and advances are:

- Cash/Treasury bill/Government securities
- Movable assets
- Legal Mortgage over residential properties, business real estates
- Charge over business fixed and floating assets as well as inventory
- Guarantee from acceptable corporates and individuals
- Equitable Mortgage on real estates
- Negative Pledge
- Domiciliation of receivables from acceptable corporates.

For exposures to corporate and large institutions, the Group will often require the collateral to include a first charge over land and buildings owned and occupied by the business, a mortgage debenture over the Company's undertaking on one or more of its assets and keyman insurance. We take physical possession of properties or original documents of all assets held as collateral and uses external agents to realize the value as soon as practicable to settle indebtedness. Surplus funds realized from disposals are returned to the borrower or are otherwise dealt with in accordance with appropriate regulations. Also, collaterals held are monitored closely for financial assets considered to be credit-impaired and these assets are not carried on the Group's balance sheet.

Credit recovery

In the case of facilities turning bad because of continued delinquency and failure of remediation, full credit recovery action is taken to recover on such exposures and minimize the overall credit loss to the Group. Recovery actions include appointment of a receiver manager, external recovery agent and/or sale of pledged assets.

42.2 Liquidity risk

Liquidity risk is the risk that may occur if the Group does not have sufficient financial resources to meet its obligation as they fall due or will have to meet the obligations at excessive costs. This risk could arise from mismatches in the timing of cash flows, when the liquidity needed to fund illiquid asset positions cannot be obtained to meet the obligations.

The need to manage our liquidity risk to meet all anticipated funding commitments can be not be over emphasized and access to funding sources is coordinated and cost effective.

42 Financial risk management - continued

42.2 Liquidity risk - continued

Management of liquidity risk

Our liquidity management process includes; effective management and monitoring of future cashflow; funds replenishments through our various tailored products channels; monitoring of assets and liabilities to avoid mismatch at any point in time; manage the concentration of risk assets; compliance with liquidity ratios requirement by the regulators; and maintaining highly marketable assets that can easily be liquidated against any unforeseen interruption to cash flow.

The Group is funded primarily by a well-diversified mix of retail, corporate and public sector funds under management. This funding base ensures stability and low funding cost.

Assets held for managing liquidity risk

We hold a diversified portfolio of liquid assets - largely cash and cash equivalents, quoted securities to support payment and funding obligations in normal and stressed market conditions across board. The Group's liquid assets comprise:

- Cash and bank balances with the commercial bank
- Short term and overnight placements in the interbank market
- T-bills that are readily accepted in repurchase agreements with the Central bank and other market participants
- Secondary sources of liquidity in the form of highly liquid instruments in the Group's trading portfolios.
- To manage liquidity shocks within the group, we systematically worked towards reducing the duration of our securities portfolio and cashflow management.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio, identified concentrations of liquidity risks are controlled and managed accordingly.

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

Group

	Carrying amount ₦'000	Contractual cashflows ₦'000	1 -12 months ₦'000	Above 12 months ₦'000
31 December 2019				
Loans and borrowings	1,140,584	1,140,584	-	-
Customer deposits	5,225,903	5,225,903	-	-
Other payables	454,174	454,174	-	-
Total liabilities (contractual maturity dates)	6,820,661	6,820,661	-	-
Cash and bank balances	2,121,462	2,121,462	-	-
Debt instruments at amortised cost	782,766	782,766	-	-
Trade receivables	1,215,324	1,215,324	-	-
Other receivables	900,288	900,288	-	-
Total assets held for managing liquidity	5,019,840	5,019,840	-	-
Net liquidity gap	(1,800,821)	(1,800,821)	-	-

42 Financial risk management - continued

42.2 Liquidity risk - continued

Company

	Carrying amount ₦'000	Contractual cashflows ₦'000	1 -12 months ₦'000	Above 12 months ₦'000
31 December 2019				
Loans and borrowings	1,612,075	2,396,133	469,197	1,926,936
Other payables	355,511	355,511	-	-
Total liabilities (contractual maturity dates)	**1,967,586**	**2,751,644**	**469,197**	**1,926,936**
Cash and bank balances	647,021	647,021	-	-
Trade receivables	121,410	121,410	-	-
Other receivables	63,568	63,568	-	-
Total assets held for managing liquidity	**831,999**	**831,999**	**-**	**-**
Net liquidity gap	**(1,135,587)**	**(1,919,645)**	**(469,197)**	**(1,926,936)**

42.3 Fair values

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

Group

	Carrying value 31 Dec 2019 ₦'000	Fair value 31 Dec 2019 ₦'000
Financial assets at amortised cost		
Cash and bank balances	2,121,462	2,121,462
Trade receivables	1,215,324	1,215,324
Debt instruments at amortised cost	782,766	#REF!
Other receivables	900,288	900,288
	5,019,840	#REF!
Financial liabilities at amortised cost		
Customer deposits	5,225,903	5,225,903
Loans and borrowings	1,140,584	986,664
Other payables	454,174	454,174
	6,820,661	6,666,741

Company

	Carrying valu 31 Dec 2019 ₦'000	Fair value 31 Dec 2019 ₦'000
Financial assets at amortised cost		
Cash and bank balances	647,021	647,021
Trade receivables	121,410	121,410
Other receivables	63,568	63,568
	831,999	831,999
Financial liabilities at amortised cost		
Loans and borrowings	1,612,075	1,281,872
Other payables	355,511	355,511
	1,967,586	1,637,383

42 **Financial risk management - continued**

42.3 **Fair values - continued**

The management assessed that the fair values of cash and cash equivalents, trade and other receivables, trade payables and royalty payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

42.4 **Market risk**

This is the risk of investments declining in value because of economic developments or other events that affect the entire market. The main types of market risk are equity risk, interest rate risk and currency risk. It is the possibility of an investor experiencing losses due to factors that affect the overall performance of the financial market. This risk is as a result of securities held in our trading portfolio, investment portfolio, and the subsidiaries' other banking businesses. The movement in market risk variables may have an adverse impact on the balance sheet and or income statement.

Management of market risk

We apply disciplined risk-taking within a framework of well-defined risk appetite and tolerance that enables the group to meet shareholders expectations together with competitive advantage maintenance through effective and efficient utilization of risk capital. In addition, Implementation of the Board approved market risk policy, and strategy, guidelines with disciplined and strict risk culture within the system.

Stress tests

This is a computer-simulated technique to analyze how assets and investment portfolios fare in drastic economic scenarios. It helps gauge investment risk and the adequacy of assets, as well as to help evaluate internal processes and controls. Based on the reality of unpredictable market environment and the frequency of regulations that have had significant effect on market rates and prices, the Group augments other risk measures with stress testing to evaluate the potential impact of possible extreme movements in financial variables on portfolio values. The group Asset and Liability Committee (GALCO) is responsible for reviewing stress exposures and where necessary, enforcing reductions in overall market risk exposure. This covers all asset classes in the financial markets banking and trading books.

Foreign exchange risk

This is a financial risk that exists when a financial transaction is denominated in a currency other than the domestic currency of the company. The Group is not too exposed to foreign exchange risks as most of its investment is in local currency.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Interest rate risk

This is the probability of a decline in the value of an asset resulting from unexpected fluctuations in interest rates. It is the risk of loss in income or portfolio value as a result of changes in market. The group manage this risk the limits set by the Board which is monitored regularly by the group executive committee.

42 Financial risk management - continued

42.4 Market risk - continued

Equity risk

This applies to an investment in shares. Equity risk is the risk of financial loss because of a drop in the market price of shares. The market price of shares varies all the time depending on demand and supply.

The Group is exposed to equity price risk by holding investments quoted on the Nigerian Stock Exchange (NSE) and other non-quoted investments. Equity securities quoted on the NSE is exposed to movement based on the general movement of the all share index and movement in prices of specific securities held by the Group as a result of the forces of demand and supply.

Investment portfolio risk

This involves associated risk with equity investment within the group, considering and recognizing the potential drivers of the risk associated with portfolios held by the group in terms of a long-term loss of capital as well as the return premium for taking that risk and financial risks in general. By developing substantial knowledge about each holding, and analyzing overall portfolio risk exposures, we manage risk effectively to achieve the business objectives. We encourage our investors to focus on long-term returns and risk statistics.

Return and risk are fundamental to investment concepts, very different approaches are required in their estimation.

Approach to portfolio risk

- Intensive bottom-up research with a focus on valuation. We undertake extensive research on individual companies and securities on acquisitions to find solid investments whose true long-term value has not yet been recognized by the market.
- Analysis of overall portfolio risk exposures. Our investment committees carefully consider risk at the portfolio level. We analyze the combination of independent risk exposures to determine whether they are likely to diversify or magnify the portfolio's overall risk profile.
- Long-term investment horizon. We evaluate each potential investment based on a three- to five-year investment horizon, and view ourselves as investors in companies and other securities.

Management of investments portfolio risk

We review periodically existing portfolio holdings and our investment committees carefully consider risk at the portfolio level. We analyze whether the combination of independent risks will diversify or magnify the portfolio's risk exposures. Occasionally, we are comfortable taking a more concentrated exposure because the market may be offering an attractive premium to investors willing to take the exposure. Examples would include being overweight a particular sector (e.g., consumer good) or having meaningful exposure to emerging markets. More typically, our analysis highlights the external factors that may affect the investment outcome, and we try to balance these risks against the potential rewards. To manage risk exposure at the portfolio level, we pay particular attention to portfolio diversification and our quantitative estimates of aggregate risk. We combine quantitative and qualitative techniques to understand how each holding's return drivers may affect the overall portfolio.

Risk reporting

The group rely on risk reports generated using the risk registers. We provide information to key stakeholders on the principal risks facing the group at large and how they are managed. Providing regular report to relevant stakeholders offers the opportunity for enhanced decision making.

42 Financial risk management - continued

42.4 Market risk - continued

The group rely on risk reports generated using the risk registers. We provide information to key stakeholders on the principal risks facing the group at large and how they are managed. Providing regular report to relevant stakeholders offers the opportunity for enhanced decision making.

Furthermore, changes in the risk environment, based on new information, may result in changing strategies employed to treat and exploit the risk. Therefore, report is frequency tied to the time scales identified for the management of the risk. The objective of risk reporting is to enable decision-makers evaluate risk management performance monthly, weekly, daily or even in real time, as the nature of the risks and circumstances dictate.

Risk monitiring and review

On-going monitoring of risk exposures is a key aspect of our effective risk management process. To facilitate the monitoring of risks within the group, results from the risk identification, assessment and measurement exercise are summarized as reports to aid relevant stakeholders' understanding and the control of the identified risks. This provides opportunities for improvement of the risk management processes.

Internal/External audit review

Internal audit and external audit perform regular reviews of the risk management process to:

- Evaluate the risk identification and assessment process.
- Assess the effectiveness of implemented controls and the quality and appropriateness of all risk treatment action plans. These form part of the updates into the risk treatment plan. Risk actions and any associated risk budget is reviewed appropriately and updated in the risk treatment plan.

43 Capital Management

Capital includes equity attributable to the equity holders. The objective of the Group's capital management is to maximise the shareholder value. In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any payables in the current period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group monitor capital using a gearing ratio, which is net debt divided by total equity. The Group includes within net debt, trade and other payables, borrowing less cash and cash equivalents.

	Group	Company
	2019	2019
	₦'000	₦'000
Interest bearing loans and borrowings	1,140,584	1,612,075
Trade and other payables	454,174	355,511
Less: cash and cash equivalents	(2,121,462)	(647,021)
Net debt	(526,704)	1,320,565
Equity	(2,330,944)	479,397
Gearing ratio	23%	275%

OTHER NATIONAL DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2019

CITITRUST HOLDINGS PLC
VALUE ADDED STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Group 2019 ₦'000	%	Company 2019 ₦'000	%
Revenue from contracts with customers	2,853,618	(302)	373,800	218
Interest and similar income	1,208,228	(128)	5,024	3
Fee and commission income	49,740	(5)	-	-
	4,111,586	**(435)**	**378,824**	**221**
Cost of sales	(2,138,453)	226	-	
Bought in materials and services	(2,917,012)	309	(207,182)	(121)
Value (consumed)/added	(943,879)	100	171,642	100
Applied as follows:				
To pay employees				
Salaries, wages and other staff costs	636,724	(67)	101,788	60
To pay Government				
Income tax	331,298	(35)	77,639	46
To provide for future growth				
Loss for the year	(1,999,453)	212	(20,603)	(12)
Depreciation of property and equipment	87,552	(10)	12,818	6
	(943,879)	100	171,642	100

Value (consumed)/added is the additional wealth the Group and Company has been able to (consume)/create by its own and its employees efforts. This statement shows the allocation of that wealth between employees, finance provider, government and that retained for the future creation of more wealth or for depreciation.

CITITRUST HOLDINGS PLC
ONE - YEAR FINANCIAL SUMMARY
FOR THE YEAR ENDED 31 DECEMBER 2019

Consolidated and separate statement of financial position

	The Group 2019 ₦'000	The Company 2019 ₦'000
Assets		
Non-current assets		
Property, plant and equipment	820,388	218,159
Intangible assets	5,464	-
Right-of-use assets	16,650	-
Deferred tax assets	-	-
Investments	439,588	-
Investment in subsidiaries	-	1,476,806
Total non-current assets	**1,282,090**	**1,694,965**
Current assets		
Cash and cash equivalents	2,121,462	647,021
Debt instruments at amortised cost	782,766	-
Trade receivables	914,338	119,068
Other receivables	900,288	63,568
Inventories	164,300	-
Total current assets	**4,883,154**	**829,657**
Total assets	**6,165,244**	**2,524,622**
Equity and liabilities		
Equity		
Share capital	500,000	500,000
Foreign currency translation reserve	(44,317)	-
Statutory credit reserves	3,612	-
Retained earnings	(2,792,975)	(20,603)
Non-controlling interests	2,737	-
Total equity	**(2,330,944)**	**479,397**
Liabilities		
Current liabilities		
Loans and borrowings	1,140,584	1,612,075
Customer deposits	5,225,903	-
Deposit for shares	1,266,200	-
Deferred tax liabilities	143,953	58,173
Current income tax	265,373	19,466
Other payables	454,174	355,511
Total liabilities	**8,496,187**	**2,045,225**
Total equity and liabilities	6,165,244	2,524,622

Consolidated and separate statement of profit or loss

(Loss)/profit before income tax expense	(1,668,155)	57,036
Income tax expense	(331,298)	(77,639)
Loss for the year	(1,999,453)	(20,603)
Loss per share (Kobo)	(200)	(2)