VFD Group PLC

Quarterly returns
for the period ended 30 September 2021

CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT No. 29 OF 2007

We, the undersigned, hereby certify the following with regards to our Management accounts for the period ended 30 September 2021, that:

a) We have reviewed the report;

b) To the best of our knowledge, the report does not contain:
   i) any untrue statement of a material fact, or
   ii) omit to state a material fact, which would make statements misleading in the light of circumstances under which such statements were made;

c) To the best of our knowledge, the financial statements and other financial statements included fairly represent in all material respects the financial condition and result of the operation of the company as of and for the period presented in the report

d) We:
   i) are responsible for establishing and maintaining internal control
   ii) have designed such internal controls to ensure that material information relating to the company is made known to such officers by others within those entities particularly during the year in which those periodic reports are being prepared
   iii) have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report

e) We have disclosed to the auditors of the company and audit committee
   i) all significant deficiency in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors, any material weakness in internal controls, and
   ii) Any fraud, whether or not material, that involves management or other employees who have significant roles in the company's internal controls

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

Folajimi Adeleye	Nonso Okpala
FRC/2017/ICAN/00000017043	FRC/2013/ICAN/00000004697
Group Financial Controller	Group Managing Director
28 October 2021	28 October 2021

VFD Group PLC
Unaudited Statement of Financial Position
As at 30 September 2021

In thousands of NGN	***Notes***	**Group 30 Sept 2021**	**Group 31 Dec 2020**
Assets			
Cash and cash equivalents	**1**	7,966,672	6,626,245
Financial assets	**2**	61,902,715	42,131,880
Other Assets	**3**	2,857,320	2,542,950
Investment in subsidiaries	**4**	-	-
Investment in associates	**5**	4,956,954	-
Restricted cash balance with CBN	**6**	-	25,000,000
Property and Equipment	**7**	2,223,121	1,805,001
Intangible assets	**8**	602,677	91,757
Investment property	**9**	7,481,356	4,061,524
Deferred tax asset	**10**	215,931	35,729
Total assets		**88,206,746**	**82,295,086**
Equity			
Share capital	**11**	59,616	59,616
Share premium	**12**	3,822,062	3,822,062
Revenue reserve	**13**	7,675,159	5,005,085
Other reserves	**14**	1,264,611	605,408
		12,821,449	9,492,172
Non-controlling interest		(1,813,074)	896,971
Total equity		**11,008,375**	**10,389,143**
Liabilities			
Current liabilities			
Borrowings	**16**	38,741,091	9,007,937
Financial liabilities	**15**	27,269,779	57,703,218
Other liabilities	**15**	10,865,213	5,188,726
Current tax liabilities	**17**	322,288	6,062
Total liabilities		**77,198,371**	**71,905,944**
Total equity and liabilities		**88,206,746**	**82,295,087**

VFD Group PLC
Unaudited Statement of Comprehensive Income
For the period ended 30 September 2021

In thousands of NGN	***Notes***	**Group Jul to Sept 2021**	**Group Jan to Sept 2021**	**Group Jul to Sept 2020**	**Group Jan to Sept 2020**
Interest income	**18**	1,500,937	5,180,034	833,789	2,209,860
Investment income	**22**	2,115,305	4,020,623	722,940	1,636,558
Interest expense	**19**	(339,611)	(2,254,071)	(558,093)	(1,315,858)
Net interest income		3,276,632	6,946,586	998,637	2,530,561
Fees income	**20**	293,431	715,361	138,879	231,569
Fees expense	**21**	(659,954)	(670,493)	-	-
Net fees income		(366,523)	44,868	138,879	231,569
Other Income	**23**	227,376	385,207	33,242	436,579
Operating income		3,137,485	7,376,661	1,170,758	3,198,708
Other operating expenses	**24**	(877,918)	(1,780,974)	(279,256)	(765,048)
Staff Cost	**25**	(693,195)	(1,381,574)	(271,187)	(829,406)
Impairment of financial and other assets	**27**	32,531	(247,445)	(127,715)	(346,700)
Depreciation and Amortisation	**26**	(295,816)	(433,229)	(53,776)	(136,018)
Operating expenses		**(1,834,397)**	**(3,843,221)**	**(731,933)**	**(2,077,171)**
Share of profit of associates and joint ventures accounted for using the equity method	**5**	159,571	159,571		
Profit/(loss) before income tax		**1,303,088**	**3,693,011**	**438,825**	**1,121,536**
Income tax		(8,266)	(8,266)	-	(12,148)
Profit/(loss) after tax for the period		**1,294,822**	**3,684,745**	**438,825**	**1,133,685**
Other comprehensive interest					
Items that may be subsequently transferred to profit or loss					
Fair value (loss) or gain on equity instruments	**14**		659,204	327,147	100,935
Total comprehensive income for the period		**1,294,822**	**4,343,949**	**765,971**	**1,234,619**
Profit or loss attributable to:					
Equity holder of the parent		1,294,822	4,343,949	438,825	1,133,685
Non-controlling interest		-	-	-	-
		1,294,822	4,343,949	438,825	1,133,685

VFD Group PLC
Statement of Changes in Equity
For the period ended 30 September 2021

In thousands of NGN	**Share capital**	**Share premium**	**Revenue reserves**	**Other reserves**	**Total Equity**
Balance as at 1 January 2020	59,616	3,822,062	1,406,457	(74,927)	5,213,208
Profit/Loss for the period	-	-	3,992,096	-	3,992,096
Other comprehensive income	-	-	-	680,335	680,335
Transfer to reserves	-	-	-	-	-
Shares issued during the year	-	-	(393,468)	-	(393,468)
Dividend paid	-	-	-	-	-
Issuing cost			-	-	-
Balance as at 31 December 2020	59,616	3,822,062	5,005,085	605,408	9,492,171

	Share capital	**Share premium**	**Revenue reserves**	**Other reserves**	**Total Equity**
Balance as at 1 January 2021	59,616	3,822,062	5,005,085	605,408	9,492,172
Profit/Loss for the period	-	-	3,684,745	-	3,684,745
Other comprehensive income	-	-	-	(1,153,871)	(1,153,871)
Shares issued during the year	0	-	-	-	0
Dividend paid	-	-	(1,014,672)	-	(1,014,672)
Premium on shares issued	-	-	-	-	-
Issuing cost	-	-	-	-	-
Balance as at 30 September 2021	59,616	3,822,062	7,675,159	(548,463)	11,008,375

VFD Group PLC
Unaudited Statement of Cashflows
For the period ended 30 September 2021

In thousands of NGN	Group Sept 2021
Cash flows from operating activities	
Profit for the period	3,684,745
Adjustments for:	
Depreciation & Amortization	433,229
Impairment	247,445
Dividend income	8,266
Income tax expense	-
	4,373,685
Working Capital Adjustment	
Changes in financial assets	(19,770,836)
Changes in other assets	(314,370)
Changes in investment property	(3,419,832)
Changes in financial liabilities	(30,433,440)
Changes in other liabilities	(1,904,418)
	(55,842,895)
Income tax paid	(496,428)
Net cash (used in) from operating activities	**(51,965,638)**
Cash flows from investing activities	
Acquisition of property and equipment	(426,251)
Acquisition of intangible assets	(65,453)
Dividend receivable	79,286
Deposit with CBN	25,000,000
Investment in associate	
Net cash used in investing activities	**24,587,582**
Cash flows from financing activities	
Borrowings	29,733,154
Proceeds from share issue	-
Revaluation gain/(loss) on financial assets FVOCI	-
Issuing cost of shares	-
Dividend paid	(1,014,672)
Net cash from financing activities	**28,718,482**
Net increase/(decrease) in cash and cash equivalents	**1,340,426**
Cash and cash equivalents at beginning of period	**6,626,245**
Cash and cash equivalents at end of period	**7,966,672**

Significant accounting policies
Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented in these financial statements.

Basis of Preparation
The consolidated financial statements have been prepared on a historical cost basis, except for Financial Assets held for trading and Available for sale financial assets which are measured at fair value, loan and receivables, Held to maturity financial assets and borrowings which are measured at amortised costs.

Functional and Presentation Currency
The consolidated financial statements are presented in Nigerian Naira (N) and all values are rounded up to the nearest thousand (N'000), except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 2021. Control is achieved when the Company 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 Company controls an investee if and only if it:

* has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
* is exposed, or has rights, to variable returns from its involvement with the investee, and
* has the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

* The contractual arrangement with the other vote holders of the investee
* Rights arising from other contractual arrangements
* The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it:

* Derecognises the assets (including any goodwill) and liabilities of the subsidiary
* Derecognises the carrying amount of any non-controlling interests
* Derecognises the cumulative translation differences recorded in equity
* Recognises the fair value of the consideration received
* Recognises the fair value of any investment retained
* Recognises any surplus or deficit in profit or loss

*	Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Company had directly disposed of the related assets or liabilities.

Transaction eliminated on consolidation

Intra-group balances, and income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Investment in joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in joint venture is accounted for using the equity method.

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

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

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture. The financial statements of the joint venture are prepared for the same reporting period as the Group.

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

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

Separate Financial Statements

In line with Nigerian company regulations, the Company prepares separate financial statements. In the separate financial statements, investments in subsidiaries and joint ventures are accounted for at cost.

Foreign Currency Transactions
Foreign currency transactions are translated and recorded in Naira using the exchange rates prevailing at the dates of the transactions.

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

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

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

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, Cash and cash equivalents include cash in hand, unrestricted demand, call deposits with banks, and short term highly liquid financial assets (including money market funds), with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their value and used by the Group in the management of its short-term commitments.

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. A financial asset or liability is recognised when the Group becomes a party to the contractual provisions of the instrument.

Classification of financial assets
The Group classifies its financial assets into the following categories: Loans and receivables and Available-for-sale financial assets. Management determines the appropriate classification at initial recognition and this depends on the purpose for which the assets were acquired or originated. The Group's financial assets include cash and short-term deposits, trade and other receivables.

Recognition and measurement
Financial assets are initially recognised at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Loans and receivables

Loans and receivables, after initial recognition, are measured at amortised cost, using the effective interest rate method (EIR) less impairment losses. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. Gains and losses arising from changes to the carrying amounts of the receivables through the EIR amortization are included in finance income/expense in profit or loss.

Financial instruments faie valued at OCI
AFS financial investments include equity investments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs.

The Group evaluates its available for sale financial assets whether the ability and intention to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the FVOCI category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. Objective evidence of impairment is established as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

* significant financial difficulty of the issuer or obligor;
* a breach of contract, such as a default or delinquency in interest or principal payments;
* it becoming probable that the borrower will enter bankruptcy or other financial difficulties;
* the disappearance of an active market for that financial asset because of financial difficulties;
* observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
    · adverse changes in the payment status of borrowers in the group or
    · national or local economic conditions that correlate with defaults on the assets in the group

Assets are assessed for objective evidence of an impairment loss. This may include significant breaches of contracts, serious financial difficulties or the high probability of insolvency of the counterparty. Losses are deducted from the carrying amount of the asset.

Financial assets carried at amortised cost

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying value and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at financial asset's original effective interest rate. If a financial asset measured at amortised cost has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Financial assets are tested for impairment on an individual basis. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other operating income in profit or loss.

When a loan is uncollectible, it is written off against the related allowance for impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

Assets classified as FVOCI

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial asset is impaired.

In the case of equity investments, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. When this occurs, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial assets previously recognized in profit or loss is removed from equity and recognized in the consolidated statement of comprehensive income. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss has been incurred on an equity instrument that does not have a quoted price in an active market and that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition of Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial Liabilities

Financial liabilities are classified, at initial recognition as either financial liabilities at Fair Value through Profit or Loss (at FVTPL), loans and borrowings or ‘other financial liabilities’.

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.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (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.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group's financial liabilities include borrowings and certain balances 'Other liabilities'.
The Group did not have financial liabilities classified at FVTPL.

De-recognition

The Group de-recognises financial liabilities when, and only when, the contractual obligations are discharged, cancelled or expire and gains and losses are recognised in profit or loss. 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 a derecognition of the original liability and the recognition of a new liability.

Offsetting financial instruments

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

Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software when their values can be reasonably determined and economic benefits will accrue to the Group. Computer software is stated at cost less amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Costs associated with maintaining computer software programmes are recognised as expenses when incurred.

Amortisation

Computer software are amortised over the useful economic life estimated as the period over which the assets will be used by the Group. The amortisation period and the amortisation method 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. Amortisation rate for intangible asset is as follows:

Computer software	33.33%

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful life of the software, from the date the asset is available for use.

Derecognition of intangible assets

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

Property, plant and equipment

The Group's Property, Plant and Equipment comprise leasehold improvement, plant and machinery, office equipment, furniture and fittings and motor vehicle.

Recognition and measurement

All categories of property, plant and equipment are initially recognised at their purchase cost including any costs directly attributable to bringing the asset into operation when the following conditions are met:

* their values can be reasonably determined
* the economic benefit will accrue to the Group.

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

Subsequent costs

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced is derecognized. The costs of ordinary day-to-day servicing and maintenance of property and equipment are recognised in profit or loss as incurred.

Depreciation

The depreciable amount of an asset is its cost less the estimated residual value at the end of its useful life, if this is significant and can be reasonably determined.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised.

Depreciation is recognised in profit or loss on a straight line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives. The following annual rates are applied.

Leasehold improvement	Over the lease period
Plant and Machinery	33.33%
Office Equipment	33.33%
Furniture and Fittings	25.00%
Motor Vehicle	25.00%

The assets' residual values, useful lives and method of depreciation are reviewed, and adjusted prospectively if appropriate, at the end of each reporting period.

De-recognition

An item of property, plant and equipment and any significant part initially recognised 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 of the year the asset is de-recognised.

Leases

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

The Group engages in finance leases and sale and leaseback transactions.

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of the ownership to the lessee. All other leases are classified as operating leases.

Sale and leaseback transactions

This arises when the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer.

Finance leaseback

A profit or loss on sale is not immediately recognised because the seller never disposes of the risks and rewards of ownership. Any difference between the sale price and the previous carrying value (profit) is deferred and amortised over the lease term.

Group as a lessee

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement 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 benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investment in subsidiaries
Investments in subsidiaries are reported at cost less any impairment.

Impairment of non-financial assets
The carrying amounts of the Group's non-financial assets other than deferred tax assets are assessed at the end of each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or, if the recoverable amount of single assets cannot be determined, for the smallest identifiable group of assets that generates independent cash inflows from their continuous use, referred to as cash generating units, is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows expected to be derived from the use of the asset and, if significant and reasonably determinable, from its disposal at the end of its useful life, net of disposal costs are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Cash flows are determined on the basis of reasonable and documented assumptions that represent the best estimate of the future economic conditions during the remaining useful life of the asset, giving more importance to independent assumptions.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any asset allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Employee benefits
Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash, bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post-employment benefits

Defined contribution plans

The Group operates a defined contribution plan in accordance with the provisions of the Pension Reform Act. The contribution of the employee and employer is 8% and 10% of the qualifying monthly emoluments (i.e. basic, housing and transport) of employees respectively. The Group's obligations for contributions to the plan are recognised as an expense in profit or loss when they are due.

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

Current income tax is calculated on the basis of estimated taxable income for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax recoverable or payable in respect of previous years.

Deferred income tax is recognised, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes based on tax rates and laws that have been enacted or substantively enacted at the reporting period date and are expected to apply when the related deferred income tax liability is settled.

Deferred tax assets and liabilities are recorded under non-current assets and liabilities.

Share capital and reserves

Share capital

The issued ordinary shares of the Company are classified as equity instruments. Incremental costs directly attributable to the issue of an equity instrument are shown in equity as a deduction, net of tax, from the proceeds.

Share premium
Premiums from the issue of shares are reported in share premium.

Statutory reserve

Nigerian banking regulations require Microfinance Banks to make an annual appropriation to a statutory reserve. Section 8.1.7(a) of the Central Bank of Nigeria Revised Regulatory and Supervisory Guidelines for Microfinance Banks (MFBs) stipulates that an appropriation of 50% of profit after tax is made if the statutory reserve is less than 50% of the paid-up share capital, an appropriation of 25% of profit after tax is made if the statutory reserve is 50% or more but less than 100% of the paid up share capital and 12.5% of profit after tax if the statutory reserve is equal to 100% or more of the paid-up share capital.

Regulatory risk reserve

The Nigerian banking regulator requires Microfinance Banks to create a reserve for the difference between impairment charge determined in line with the principles of IFRS and impairment charge determined in line with the prudential guidelines issued by the Central Bank of Nigeria (CBN). This reserve is not available for distribution to shareholders.

Available- for-sale reserve
Comprises fair value movements on equity instruments

Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders.

Dividends for the period that are declared after the reporting date are disclosed in the financial statements as a non-adjusting event

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.
The specific recognition criteria described below must also be met before revenue is recognised:

Interest
Interest income for interest bearing financial instruments, are recognised within 'Interest Income' in profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discount the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the net carrying amount of the financial asset. The effective interest rate is calculated on initial recognition of the financial asset and is not revised subsequently.

The calculation of the effective interest rate includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other discounts or premiums. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.
Fees and commission
Fee and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income and expenses are generally recognised on an accrual basis when the service has been provided.
Dividends
Dividends are recognised when the Group's right to receive the payment is established, which is usually when shareholders approve the dividend.

Expense recognition

Interest

Interest expense is recognised in profit or loss as it accrues and is calculated by using the effective interest rate method for facilities beyond one year. Accrued interest is included within the carrying value of the interest bearing financial liability.

Operating expenses

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Expenses are recognized on an accrual bases regardless of the time of spending cash. Expenses are recognized in the income statement when a decrease in future economic benefit related to a decrease in an assets or an increase of a liability has arisen that can be measured reliably. Expenses are measured at historical cost.

Only the portion of cost of a previous period that is related to the income earned during the reporting period is recognized as an expense. Expenses that are not related to the income earned during the reporting period, but expected to generate future economic benefits, are recorded in the financial statement as assets. The portion of assets which is intended for earning income in the future periods shall be recognized as an expense when the associated income is earned.

Expenses are recognized in the same reporting period when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting period and when they are not expected to generate any income during the coming years.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the 'exit price') in an orderly transaction that is not a forced sale, liquidation sale or a distressed sale between market participants at the measurement date. Fair value is determined based on market conditions at the measurement date and the assumptions that market participants would use (i.e. it is a market-based measurement). Fair value measurement assumes the transaction to sell the asset or transfer the liability occurs in a principal market or, in the absence of a principal market, in the most advantageous market to which the entity has access. It does not consider an entity's intent to sell the asset or transfer the liability. Fair value measurements of non-financial assets take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use is determined from the perspective of market participants, even if the entity intends a different use. An entity's current use of a non-financial asset is presumed to be its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset. In the absence of quoted market prices, the fair value of a financial or non-financial liability or an entity's own equity instruments is taken as the fair value of the corresponding asset held by another market participant at the measurement date. Counterparty credit risk and own credit risk are taken into account in determining the fair value of a liability. In the absence of quoted market prices, an entity uses valuation techniques appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the Financial Statements
In thousands of NGN

1 Cash and cash equivalent

	Group 31 Sep 2021	Group 31 Dec 2020
Bank balances	3,289,802	553,643
Placements	3,853,704	5,267,486
Treasury bills	823,166	805,116
	7,966,672	**6,626,245**

2 Financial Assets

	Group 31 Sep 2021	Group 31 Dec 2020
Fixed debt investments	17,000,728	1,286,927
Financial assets FVTPL	541,536	418,794
Financial assets under management	988,278	21,850,515
Investment securities FVOCI	14,087,592	6,600,348
Debt securities		592,006
Loans and receivables	30,391,817	12,488,352
Allowance for impairment	(1,107,236)	(1,105,061)
	61,902,715	**42,131,879.56**

3 Other Assets

	Group 31 Sep 2021	Group 31 Dec 2020
Receivable from related parties	147,242	22,174
Account Receivables	1,360,543	1,953,504
Prepayments	311,446	244,010
Receivable from stockbrokers	544,256	4,779
Withholding & Value added Tax receivable	493,833	77,595
Deposit for shares	-	240,000
Dividend receivable		887
Provision for doubtful receivable		-
	2,857,320	2,542,950

4 Investment in subsidiaries

	Group 31 Sep 2021	Group 31 Dec 2020
Investment VFD Bridge Limited	-	-
Investment in Everdon Bureau de Change (BDC)	-	-
Investment in VFD Microfinance Bank (MFB)	-	-
Investment in Atiat Leasing*	-	-
Investment in Dynasty Real Estate	-	-
Investment in Kairos Capital	-	-
Investment in Anchoria Asset Management	-	-
Investment in Anchoria Investment Securities limited*	-	-
Investment in Atiat Insurance Brokers*	-	-
Investment in Vtech*	-	-
	-	-

* These entities are newly consolidated subsidiaries.

5 Investment in Associates

	Group 31 Sep 2021	Group 31 Dec 2020
Opening	4,797,382	-
Share of Profit from associate	159,571	-
Closing balance	4,956,954	

6 Restricted cash balance with CBN

	Group 31 Sep 2021	Group 31 Dec 2020
Deposit with CBN	-	25,000,000
	-	25,000,000

7 Property and equipment

	Group 31 Sep 2021	Group 31 Dec 2020
Cost		
Opening balance	2,104,956	1,558,909
Addition Leasehold	6,258	42,319
Addition - Motor Vehicle	214,433	228,243
Addition - Right of use leased asset		223
Addition - Office equipment	134,273	65,598
Addition - Furniture	71,286	34,323
Addition - Land and building WIP	-	295,340
Acquisition of subsidiaries	1,344,461	
Disposal	(70,693)	(120,000)
	3,804,974	2,104,956
Accumulated depreciation		
Opening balance	299,955	126,011
Acquisition of subsidiaries	941,828	
Charge for the period	401,287	173,944
Disposal	(61,217)	-
	1,581,853	299,955
Net book value as at period end	**2,223,121**	**1,805,001**

8 Intangible assets

	31 Sep 2021	31 Dec 2020
Cost		
Opening Balance	125,050	81,724
Additions	544,955	43,327
Closing Balance	670,005	125,050
Amortisation		
Opening Accumulated Amortisation	33,293	17,872
Charge for the period	34,035	15,421
Closing Accumulated Amortisation	67,328	33,293
Net Book Value as at the end of the period	**602,677**	**91,757**

			Group 31 Sep 2021	Group 31 Dec 2020
9	**Investment property**			
	(a)	Investment in properties	7,481,356	4,061,524
10	**Deferred taxation Asset/ (Liability)**		215,931	(35,729)

			31 Sep 2021	31 Dec 2020
11	**Share capital**			
	(a)	**Authorised:**		
		600,000,000 units of ordinary shares of 50 kobo each	300,000	300,000
	(b)	**Issued and fully paid:**		
		119,232,856 units of ordinary share of 50kobo each	59,616	59,616

		31 Sep 2021	31 Dec 2020
12	**Share premium**		
	Balance, beginning of the year	3,822,062	3,822,062
	Premium on shares issued	-	-
	Issuing cost	-	-
	Balance, end of the year	3,822,062	3,822,062

13	**General reserves**		
	Revenue reserve	7,675,159	5,005,085
	Other reserves	1,264,611	605,408
		8,939,770	5,610,493

		31 Sep 2021	31 Dec 2020
14	**Fair value and other reserves**		
	Balance, beginning of the year	605,409	(74,927)
	Addition/(reclassified) during the year	659,203	680,336
	Balance, end of the year	1,264,611	605,409

		Group 31 Sep 2021	Group 31 Dec 2020
15	**Financial liabilities**		
	Due to related parties	-	11,213
	Investments under management	10,004,988	25,074,746
	Deposit for shares	1,516,014	36,877
	Demand deposit	15,473,298	9,290,226
	Liability for SKYE transaction	-	5,000,000
	Liability for bank project	275,478	18,290,156
		27,269,779	57,703,218
	Other liabilities	10,865,213	5,188,726
		38,134,992	**62,891,944**

16 Borrowings

Long term convertible debt (see (i) below)	-	1,503,137
Fixed debt	38,741,091	7,503,697
Other long term borrowing	-	-
Car loan	-	1,104
	38,741,091	**9,007,937**

17 Current tax liabilities

	Group 31 Sep 2021	Group 31 Dec 2020
Company income tax	322,288	6,062
	322,288	6,062

Notes to the Financial Statements
In thousands of NGN

18 Interest Income

	Group July to Sep 2021	Group Jan to Sep 2021	Group July to Sep 2020	Group Jan to Sep 2020
Interest income - loans and advances	1,027,802	3,465,834	574,846	1,412,169
Trading income	-	59,366	1,066	8,840
Interest income on placement	285,007	1,454,273	236,597	713,617
Interest on treasury bills	188,128	200,561	21,280	75,235
	1,500,937	**5,180,034**	**833,789**	**2,209,860**

19 Interest Expense

	July to Sep 2021	Jan to Sep 2021	July to Sep 2020	Jan to Sep 2020
Interest expense on convertible debt	23,504	801,782	68,137	202,929
Interest expense on overdrafts	266,082	766,111	1,193	15,698
Interest expense on fixed debt and deposits	50,025	686,179	488,763	1,097,231
	339,611	**2,254,071**	**558,093**	**1,315,858**

20 Fees Income

	July to Sep 2021	Jan to Sep 2021	July to Sep 2020	Jan to Sep 2020
Fee income	**293,431**	**715,361**	**138,879**	**231,569**

21 Fees Expenses

	July to Sep 2021	Jan to Sep 2021	July to Sep 2020	Jan to Sep 2020
Fee expense	**659,954**	**670,493**	**-**	**-**

22 Investment income

	July to Sep 2021	Jan to Sep 2021	July to Sep 2020	Jan to Sep 2020
Gain on disposal of financial assets	0	9,179	41,271	146,971
Other income (from investments)	2,056,127	3,872,980	667,838	1,363,539
Dividend Income	59,178	138,464	13,831	126,048
	2,115,305	**4,020,623**	**722,940**	**1,636,558**

23 Other income

	July to Sep 2021	Jan to Sep 2021	July to Sep 2020	Jan to Sep 2020
Exchange rate gain	0	115,686	33,242	160,085
Write back of provision on other receivable	-	-	-	276,494
Other income	227,376	269,521		
	227,376	**385,207**	**33,242**	**436,579**

24	**Other Operating Expenses**	**July to Sep 2021**	**Jan to Sep 2021**	**July to Sep 2020**	**Jan to Sep 2020**
	Marketing expense	96,763	97,403	16,023	88,705
	General office expenses	14,311	196,118	45,886	140,339
	Bank charges	3,384	19,244	5,258	24,091
	Legal/recovery expenses	7,625	38,377	3,057	14,831
	Audit fees	13,778	33,258	7,451	28,943
	Branding and communication	111,261	226,154	33,161	54,269
	Board Expenses and Strategy session	7,450	17,601	5,901	10,279
	Professional fees	142,640	299,197	20,172	62,933
	Insurance expense	43,822	54,217	6,177	15,090
	Donations	9,743	9,743	1,750	4,122
	Dues and subscription	35,703	49,758	3,786	25,049
	ICT expenses	79,398	209,431	13,947	26,567
	Loss on disposal of shares	-	-	-	28,256
	Project expenses	480	630	42,340	44,224
	Lease rental	58,572	72,456	21,178	64,432
	Repairs and maintenance	4,686	43,942	5,322	12,703
	Travel expenses	148,716	181,233	7,127	44,483
	Miscellaneous expenses	-	1,734	13,725	15,758
	Others	38,493	119,946	13,179	23,496
	Utilities	8,440	21,653	4,896	14,305
	Director's fees and expenses	22,940	36,610	8,544	19,843
	Exchange loss/(gain)	6	6	-	-
	ITF expense	819	3,775	376	2,331
	NDIC Premium	28,887	48,488	-	-
		877,918	**1,780,974**	**279,256**	**765,048**

25	**Staff Cost**	**Group July to Sep 2021**	**Group Jan to Sep 2021**	**Group July to Sep 2020**	**Group Jan to Sep 2020**
	Staff Cost	545,995	994,248	113,514	453,247
	PAYE	-	-	20,099	68,690
	Contibutory pension scheme	6,257	47,582	26,600	50,735
	Other staff cost	140,943	339,744	110,974	256,733
		693,195	**1,381,574**	**271,187**	**829,406**

26	**Depreciation & Amortisation**	**July to Sep 2021**	**Jan to Sep 2021**	**July to Sep 2020**	**Jan to Sep 2020**
	Depreciation & Amortisation	295,816	433,229	53,776	136,018
		295,816	**433,229**	**53,776**	**136,018**

27	**Loan loss expense**	**July to Sep 2021**	**Jan to Sep 2021**	**July to Sep 2020**	**Jan to Sep 2020**
	Impairment for loans and receivables	(32,531)	247,445	127,715	346,700
		(32,531)	**247,445**	**127,715**	**346,700**

28	**Taxation expenses**	**July to Sep 2021**	**Jan to Sep 2021**	**July to Sep 2020**	**Jan to Sep 2020**
	Corporate tax expense	8,266	8,266	11,722	12,148
		8,266	**8,266**	**11,722**	**12,148**