CENTRAL SECURITIES CLEARING SYSTEM PLC

Annual Report

31 December 2019

CONTENTS

Corporate Information

Board of Directors:	Mr. Oscar N. Onyema OON	- Chairman
	Mr. Haruna Jalo-Waziri	- Managing Director
	Mrs. Ifueko M. Omoigui Okauru MFR*	- Independent Director
	Mr. Sola Adeeyo**	- Independent Director
	Mr. Emeka Madubuike***	- Non-Executive Director
	Mr. Ariyo Olushekun****	- Non-Executive Director
	Mr. Bayo Olugbemi	- Non-Executive Director
	Mr. Uche Ike	- Non-Executive Director
	Mr. Eric Idiahi	- Non-Executive Director
	Mr. Roosevelt Ogbonna	- Non-Executive Director
	Ms. Tinuade Awe	- Non-Executive Director
	Mr. Oluwaseyi Abe*****	- Non-Executive Director
	Chief Onyenwechukwu Patrick Ezeagu******	- Non-Executive Director
	Mrs. Chinelo Anohu*******	- Independent Director
	Mr. Ibrahim Dikko********	- Independent Director

* Mrs. Ifueko M. Omoigui Okauru MFR resigned as an Independent Director on February 22, 2019
** Mr. Sola Adeeyo resigned as an Independent Director on February 28, 2019
*** Mr. Emeka Madubuike resigned as a Non-Executive Director on April 30, 2019
**** Mr. Ariyo Olushekun resigned as a Non-Executive Director on April 30, 2019
*****Mr. Oluwaseyi Abe was appointed as a Non-Executive Director on March 13, 2019
******Chief Onyenwechukwu Patrick Ezeagu was appointed as a Non-Executive Director on March 13, 2019
*******Mrs. Chinelo Anohu was appointed as an Independent Director on October 3, 2019
********Mr. Ibrahim Dikko was appointed as an Independent Director on October 3, 2019

Registered Office:	Central Securities Clearing System Plc 1st Floor, The Nigerian Stock Exchange Building No. 2/4, Custom Street Marina, Lagos
Company's registration number:	201018
Company secretary:	Charles I. Ojo
Independent auditor:	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island PMB 40014, Falomo Lagos
Bankers:	Guaranty Trust Bank Plc Sterling Bank Plc Zenith Bank Plc First Bank of Nigeria Limited Access Bank Plc Union Bank Plc Fidelity Bank Plc United Bank for Africa Plc Stanbic IBTC Bank Plc Keystone Bank Plc Citibank Nig Plc FSDH Merchant Bank Limited Nova Merchant Bank Limited SunTrust Bank Nigeria Limited Ecobank Nigeria Plc Wema Bank Plc FCMB Plc Coronation Merchant Bank Limited
Registrar:	Africa Prudential Plc 220B Ikorodu Road Palmgrove Lagos
Actuary:	O & A Hedge Actuarial Consulting (Actuaries & Chartered Insurers) Suite 28, Motorways Centre, 1 Motorways Avenue Opposite 7up Bottling Plant Alausa Ikeja, Lagos - Nigeria FRC/2016/00000015764

Directors' report

for the year ended 31 December 2019

The Directors present their report on the affairs of Central Securities Clearing System Plc ("the Company" or "CSCS") and its subsidiary ("the Group"), together with the annual financial statements and independent auditor's report for the year ended 31 December 2019.

Legal form

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

Principal activity and business review

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

Operating results

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

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Total operating income	9,206,140	9,206,140	9,082,085	9,082,085
Profit before tax	6,042,434	5,986,837	6,091,344	6,109,749
Income tax	(1,141,755)	(1,141,755)	(1,269,014)	(1,269,014)
Profit for the year	**4,900,679**	**4,845,082**	**4,822,330**	**4,840,735**
Actuarial gain on long term incentive scheme	1,216	1,216	-	-
Other comprehensive income, net of tax	340,590	340,590	15,453	15,453
Total comprehensive income	**5,242,485**	**5,186,888**	**4,837,784**	**4,856,188**
Basic and diluted earnings per share (kobo)	98k	97k	96k	97k

Ownership structure

The issued and fully paid-up share capital of the Company was 5,000,000,000 ordinary shares of N1 each as at 31 December 2019 (31 December 2018: 5,000,000,000 ordinary shares of N1 each). The shareholding structure as at the reporting date is as shown below:

	31 December 2019		31 December 2018	
Shareholders	*Number of Shares*	*Shareholding Percentage*	*Number of Shares*	*Shareholding Percentage*
The Nigerian Stock Exchange	1,459,555,913	29.19%	1,362,108,950	27.24%
Artemis Limited	1,000,641,902	20.01%	1,000,641,902	20.01%
Access Bank Plc	375,000,000	7.50%	375,000,000	7.50%
United Bank for Africa Plc	268,500,000	5.37%	268,500,000	5.37%
Ess-ay Investments Limited	317,142,674	6.34%	251,452,248	5.03%
ZPC/Leadway Insurance Prem .Coll. & Investment Account	250,000,000	5.00%	250,000,000	5.00%
Others with shareholdings less than 5%	1,329,159,511	26.58%	1,492,296,900	29.85%
	5,000,000,000	**100%**	**5,000,000,000**	**100%**

Directors' report
for the year ended 31 December 2019

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

	31 December 2019			31 December 2018		
Director	Direct	Indirect	Total	Direct	Indirect	Total
Mr. Oscar N. Onyema	-	-	-	500,000	-	500,000
Mr. Haruna Jalo-Waziri	-	-	-	-	-	-
Mrs. Ifueko M. Omoigui Okauru MFR*	-	-	-	-	-	-
Mr. Sola Adeeyo**	-	-	-	-	-	-
Mr. Emeka Madubuike***	-	6,750,000	6,750,000	-	6,750,000	6,750,000
Mr. Ariyo Olushekun****	1,800,000	1,540,000	3,340,000	1,800,000	1,540,000	3,340,000
Mr. Bayo Olugbemi	-	2,345,111	2,345,111	-	2,345,111	2,345,111
Mr. Uche Ike	-	-	-	-	-	-
Mr. Eric Idiahi	-	1,000,641,902	1,000,641,902	-	1,000,641,902	1,000,641,902
Mr. Roosevelt Ogbonna	-	-	-	-	-	-
Ms. Tinuade Awe	-	620,000	620,000	-	620,000	620,000
Mr. Oluwaseyi Abe*****	-	-	-	-	-	-
Chief Onyenwechukwu Patrick Ezeagu******		525,000	525,000	-	-	-
Mrs. Chinelo Anohu*******	-	-	-	-	-	-
Mr. Ibrahim Dikko********	-	-	-	-	-	-

* Mrs. Ifueko M. Omoigui Okauru MFR resigned as a Independent Director on February 22, 2019
** Mr. Sola Adeeyo resigned as a Independent Director on February 28, 2019
*** Mr. Emeka Madubuike resigned as a Non-Executive Director on April 30, 2019
**** Mr. Ariyo Olushekun resigned as a Non-Executive Director on April 30, 2019
*****Mr. Oluwaseyi Abe was appointed as a Non-Executive Director on March 13, 2019
******Chief Onyenwechukwu Patrick Ezeagu was appointed as a Non-Executive Director on March 13, 2019
*******Mrs. Chinelo Anohu was appointed as a Independent Director on October 3, 2019
********Mr. Ibrahim Dikko was appointed as a Independent Director on October 3, 2019

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

Analysis of shareholding
The shareholding pattern of the Company as at 31 December 2019 was as stated below:

Share range	*No of shareholders*	*Percentage of shareholders*	*No of holdings*	*Percentage holdings*
1 - 1,000	410	36.7%	160,732	0.00%
1,001 – 5,000	133	11.9%	377,731	0.01%
5,001 – 10,000	64	5.7%	514,894	0.01%
10,001 – 50,000	200	18.0%	5,360,673	0.11%
50,001 – 100,000	59	5.3%	4,715,099	0.09%
100,001 – 500,000	92	8.2%	27,884,146	0.56%
500,001 – 1,000,000	32	2.9%	26,605,744	0.53%
Above 1,000,000	127	11.4%	4,934,380,981	98.70%
	1,117	**100%**	**5,000,000,000**	**100%**

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

Share range	*No of shareholders*	*Percentage of shareholders*	*No of holdings*	*Percentage holdings*
1 - 1,000	330	33.2%	138,634	0.00%
1,001 – 5,000	104	10.5%	286,808	0.01%
5,001 – 10,000	55	5.5%	441,877	0.01%
10,001 – 50,000	194	19.5%	5,144,024	0.10%
50,001 – 100,000	57	5.7%	4,446,682	0.09%
100,001 – 500,000	89	9.0%	29,315,096	0.59%
500,001 – 1,000,000	33	3.3%	27,503,450	0.55%
Above 1,000,000	132	13.3%	4,932,723,429	98.65%
	994	**100%**	**5,000,000,000**	**100%**

Directors' report

for the year ended 31 December 2019

Substantial interest in shares

According to the register of members at 31 December 2019, no shareholder held more than 5% of the issued share capital of the Company except the following:

	31 December 2019		31 December 2018	
Shareholders	Number of shares held	% of shareholding	Number of shares held	% of shareholding
The Nigerian Stock Exchange	1,459,555,913	29.19%	1,362,108,950	27.24%
Artemis Limited	1,000,641,902	20.01%	1,000,641,902	20.01%
Access Bank Plc	375,000,000	7.50%	375,000,000	7.50%
United Bank for Africa Plc	268,500,000	5.37%	268,500,000	5.37%
Ess-ay Investment Ltd	317,142,674	6.34%	251,452,248	5.03%
ZPC/Leadway Insurance Prem .Coll. &	250,000,000	5.0%	250,000,000	5.0%

Donations and charitable gifts

The Company made contributions and donations to non-political organisations amounting to N32.7 million (31 December 2018: N31.032 million) during the year, as listed below:

Beneficiary *In thousands of Naira*	Purpose	Amount
Nigeria Economic Summit Group	2019 Membership due	3,000
Chartered Institute of Stockbrokers	Donation of grant-in-aid to the Institute	10,000
Association of Stockbroking Houses of Nigeria	Capital market Summit	1,500
Teach For Nigeria	Sponsorship of Teach for Nigeria	2,500
Association Of Asset Custodians of Nigeria	Investors Forum - 2019	500
Vanguard Media Ltd	Sponsorship For Economic Forum Series	1,000
Alfa Reading Society	Little Writer Award Sponsorship	1,000
Capital market Correspondence Association	Sponsorship of 2019 Workshop	500
Unilag Consult Limited	Unilag-Sec Capital Market Conference	500
Business Media limited	Business Day Capital Market Day	1,000
Business Media limited	2019 BAFI Award Sponsorship	1,500
Youth Rescue & Care Initiatives	Solve A need Sponsorship	500
Chartered Institute of Stockbrokers	Annual Conference Sponsorship	1,000
Nigeria Stock Exchange	Interactive Session On Consumer Goods	1,000
Cerebral Palsy Centre	Sponsorship of Cerebral Palsy Day	1,200
Nigeria Stock Exchange	NSE Corporate Challenge	1,000
Special Olympics (SO) Nigeria	2019 Special Olympics Sponsorship	5,000
		32,700

i) The Company did not make donation to any political party during the year ended 31 December 2019 (31 December 2018: Nil).

Human resources

i) ***Employment, Employee training and Development***

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

i) ***Health, safety and welfare of employees***

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

Property and Equipment

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

Events after reporting date

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

Directors' report

for the year ended 31 December 2019

Dividends

During the period, the Board of Directors, pursuant to the powers vested in it by the provisions of section 379 of the Companies and Allied Matters Act (CAMA) of Nigeria, proposed a final dividend of 86 kobo per share (31 December 2018: 70 kobo per share) from the retained earnings account as at 31 December 2019, pending the approval of the shareholders at the 2019 Annual General Meeting.
Payment of dividends is subject to withholding tax at a rate of 10%.

Auditor

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

BY ORDER OF THE BOARD

Mr. Charles Ojo
Company Secretary
Central Securities Clearing System Plc
FRC/2014/NBA.00000006051
13 March 2020

Audit Committee Report

TO MEMBERS OF CENTRAL SECURITIES CLEARING SYSTEM PLC

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

- That we have reviewed the audit plan and scope, and the Management letter on the audit of accounts of the Company.
- That the audit plan and scope for the year ended 31 December 2019 are adequate in our opinion.
- That the accounting and reporting policies of the Company conform to legal requirements and ethical practices.
- That the Internal Control and Internal Audit functions were operating effectively.

Mr. Patrick Adebayo Ajayi
Chairman, Audit Committee
FRC/2013/CISN/00000006969
13 March, 2020

Members of the Committee

1. Mr. Patrick Adebayo Ajayi - Chairman
2. Mr. Nornah Awoh - Member
3. Mr. Oluwaseyi Abe - Member
4. Chief Onyenwechukwu Patrick Ezeagu - Member

The Company Secretary acted as a Secretary to the Committee.

Statement of Directors' Responsibilities in Relation to the Financial Statements for the year ended 31 December 2019

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

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Oscar N. Onyema OON
Chairman
FRC/2013/IODN/00000001802
13 March 2020

Mr. Haruna Jalo-Waziri
Managing Director/CEO
FRC/2017/IODN/00000017488
13 March 2020

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

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Central Securities Clearing System Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Central Securities Clearing System Plc ("the Company" or "CSCS") and its subsidiary (together, "the group"), which comprise the consolidated and separate statements of financial position as at 31 December 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, as set out on pages 12 to 61.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiary as at 31 December 2019, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

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

Key Audit Matters

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

Classification and measurement of investment securities

Investment securities account for over 90% of the Group's total assets and interest income derived from the investment securities account for 50% of total operating income in the current year. Due to the significance of these financial assets in the context of the financial position and the financial performance of the Group, as well as the requirements of IFRS 9: *Financial Instruments* as regards classification and measurement of investment securities, the classification and measurement of investment securities is considered to be an area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

KPMG

How the matter was addressed in our audit

Our procedures in this area included the following:

- We tested the design and implementation of controls that are relevant to the classification and measurement of securities.
- We assessed the appropriateness of the Group's classification of investment securities by checking whether the cashflows of the investment securities are strictly payments of principal and interest and also assessing the Group's business model for changes relating to the classification and measurement of investment securities during the year.
- For investment securities measured at amortised cost, we performed a re-calculation of the carrying amounts of the investments.
- For investments whose contracts terms had changed during the year, we evaluated the changes made by management to the cash flows and effective interest rate to determine whether they are in accordance with Group's accounting policy.
- For investment securities measured at fair value, we tested the appropriateness of the market inputs used in computing the fair value by comparing them to independent data.

The Group's accounting policy on classification and measurement of investment securities and related disclosures on financial risks are in notes 4(m) and 6 respectively.

Information Other than the Financial Statements and Audit Report thereon

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

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

In connection with our audit of the 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we review the outstanding reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee.

KPMG

Responsibilities of the Directors for the Consolidated and separate Financial Statements

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

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

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

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

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

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

KPMG

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

A. A. Oyelami.

Adegoke A. Oyelami, FCA
FRC/2012/ICAN/00000000444
For: KPMG Professional Services
Chartered Accountants
24 March 2020
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0749728

Consolidated and Separate Statements of Profit or Loss and other Comprehensive Income
for the year ended 31 December 2019

In thousands of Naira	Notes	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Revenue	9	4,588,807	4,588,807	4,852,306	4,852,306
Investment income	10	4,612,237	4,612,237	4,217,582	4,217,582
Other income	11	5,096	5,096	12,197	12,197
Total operating income		**9,206,140**	**9,206,140**	**9,082,085**	**9,082,085**
Personnel expenses	12.1(i)	(1,317,186)	(1,317,186)	(1,268,079)	(1,268,079)
Other operating expenses	12.2	(1,268,438)	(1,256,104)	(1,347,825)	(1,347,825)
Finance cost	12.3	(48,546)	(48,546)	-	-
Depreciation and amortisation	12.4	(547,906)	(547,906)	(483,244)	(483,244)
Impairment (loss)/reversal on financial assets	20	(49,561)	(49,561)	126,812	126,812
Total operating expenses		**(3,231,637)**	**(3,219,303)**	**(2,972,336)**	**(2,972,336)**
Share of profit/(loss)of equity accounted investees (net of ta:	23	67,931	-	(18,405)	-
Profit before tax		**6,042,434**	**5,986,837**	**6,091,344**	**6,109,749**
Income tax	13(a)	(1,141,755)	(1,141,755)	(1,269,014)	(1,269,014)
Profit for the year		**4,900,679**	**4,845,082**	**4,822,330**	**4,840,735**
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Actuarial gain on long term incentive scheme	29.2(i)	1,216	1,216	-	-
Related Tax	29.2(i)	(365)	(365)	-	-
		851	851	-	-
Items that are or may be reclassified subsequently to profit or loss:					
Fair value gain/(loss) - FVOCI -debt	25(c)	339,739	339,739	15,453	15,453
		339,739	339,739	15,453	15,453
Other comprehensive income for the year, net of tax		**340,590**	**340,590**	**15,453**	**15,453**
Total comprehensive income for the year		**5,242,120**	**5,186,523**	**4,837,784**	**4,856,188**
Profit attributable to:					
Owners of the Parent		4,900,679	4,845,082	4,822,330	4,840,735
Non-controlling interest		-	-	-	-
		4,900,679	**4,845,082**	**4,822,330**	**4,840,735**
Total comprehensive income attributable to:					
Owners of the Parent		5,242,120	5,186,523	4,837,784	4,856,188
Non-controlling interest		-	-	-	-
		5,242,120	**5,186,523**	**4,837,784**	**4,856,188**
Basic/diluted earnings per share (kobo)	14	**98k**	**97k**	**96k**	**97k**

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

Consolidated and Separate Statements of Financial Position

as at 31 December 2019

In thousands of Naira	Note	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Non-current assets					
Property and equipment	15	1,083,510	1,083,510	595,575	595,575
Intangible assets	16	785,471	785,471	1,089,601	1,089,601
Intercompany receivables	22	-	34,511	-	34,511
Equity-accounted investee	23	725,475	736,687	591,357	670,500
Investment in subsidiary	24	-	10,000	-	10,000
Investment securities	17(a)	21,960,972	21,960,972	23,644,726	23,644,726
Deferred tax asset	13(b)	-	-	-	-
Total Non-Current Assets		**24,555,428**	**24,611,151**	**25,921,259**	**26,044,913**
Current assets					
Investment securities	17(b)	5,005,511	5,005,511	5,879,813	5,879,813
Trade receivables	18(a)	177,043	177,043	102,279	102,279
Other assets	19(a)	181,877	181,877	324,380	312,046
Cash and cash equivalents	21	6,691,545	6,691,490	3,626,868	3,626,812
Total Current Assets		**12,055,976**	**12,055,921**	**9,933,340**	**9,920,950**
Total Assets		**36,611,404**	**36,667,071**	**35,854,598**	**35,965,863**
Equity					
Share capital	25(a)	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings		27,588,203	27,633,871	26,187,524	26,288,789
Fair value reserve	36(a)	317,029	317,029	(22,709)	(22,709)
Actuarial reserves		851	851	-	-
Equity attributable to owners of the Parent		**32,906,083**	**32,951,751**	**31,164,815**	**31,266,080**
Non-controlling interest		-	-	-	-
Total Equity		**32,906,083**	**32,951,751**	**31,164,815**	**31,266,080**
Non-Current Liabilities					
Deferred tax liabilities	13(b)	6,747	6,747	13,403	13,403
Long term incentive scheme	29.2	77,012	77,012	-	-
Total Non-Current Liabilities		83,760	83,760	13,403	13,403
Current Liabilities					
Intercompany payables	26	-	10,000	-	10,000
Payables and Accruals	27	727,368	727,368	872,873	872,873
Current Tax Liabilities	13(c)	652,254	652,254	652,577	652,577
Other Liabilities	28	2,241,938	2,241,938	3,150,930	3,150,930
Total Current Liabilities		**3,621,560**	**3,631,560**	**4,676,380**	**4,686,380**
Total Liabilities		**3,705,320**	**3,715,320**	**4,689,783**	**4,699,783**
Total Equity and Liabilities		**36,611,404**	**36,667,071**	**35,854,598**	**35,965,863**

The audited financial statements was approved by the Board of Directors on 13 March 2020 and signed on its behalf by:

Mr. Oscar N. Onyema OON	Mr. Haruna Jalo-Waziri	Mr. Peter Medunoye
Chairman	Managing Director/CEO	Chief Financial Officer
FRC/2013/IODN/00000001802	FRC/2017/IODN/00000017488	FRC/2019/001/00000020289

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

Consolidated and Separate Statements of Changes in Equity
for the year ended 31 December 2019

The Group

In thousands of Naira	Notes	Share capital	Retained earnings	Fair value reserve	Actuarial reserves	Total
Balance at 1 January 2019		5,000,000	26,187,524	(22,709)	-	31,164,814
Profit for the period		-	4,900,679		-	4,900,679
Other comprehensive income:						
Fair Value Gain - FVOCI Financial Instruments	25(c)	-		339,739	-	339,739
Actuarial gain on long term incentive	25(d)	-	-		851	-
Deferred tax impact	13(b)	-			-	-
Transfer to retained earnings			-		-	-
Total other comprehensive income		-	4,900,679	339,739	851	5,240,418
Transactions with equity holders:						
Dividends		-	(3,500,000)		-	(3,500,000)
Balance at 31 December 2019		**5,000,000**	**27,588,203**	**317,029**	**851**	**32,906,083**

The Company

In thousands of Naira	Notes	Share capital	Retained earnings	Fair value reserve	Actuarial reserves	Total
Balance at 1 January 2019		5,000,000	26,288,789	(22,709)	-	31,266,080
Profit for the period		-	4,845,082	-	-	4,845,082
Other comprehensive income:						
Fair Value Gain - FVOCI Financial Instruments	25(c)	-	-	339,739	-	339,739
Actuarial gain on long term incentive	25(d)	-	-		851	-
Deferred tax impact	13(b)	-	-	-	-	-
Transfer to retained earnings			-		-	-
Total comprehensive income		-	4,845,082	339,739	851	5,184,821
Transactions with equity holders:						
Dividends		-	(3,500,000)	-	-	(3,500,000)
Balance at 31 December 2019		**5,000,000**	**27,633,871**	**317,029**	**851**	**32,951,751**

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

The Group

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

The Company

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

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

Consolidated and Separate Statements of Cash Flows

for the year ended 31 December 2019

In thousands of Naira	Notes	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Cash flows from operating activities					
Profit for the year		4,900,679	4,845,082	4,822,330	4,840,735
Adjusted for:					
Income tax expense recognised in profit	13(a)	1,141,755	1,141,755	1,269,014	1,269,014
Amortisation of intangible assets	12.4	345,685	345,685	345,053	345,053
Depreciation of property and equipment	12.4	202,221	202,221	138,183	138,183
Impairment loss on financial assets	20	40,760	40,760	10,444	10,444
Foreign Exchange loss	12.2	597	597	344	344
Interest income	10	(4,612,237)	(4,612,237)	(4,217,582)	(4,217,582)
Share of (gain)/loss of equity accounted investee, net of tax	23	(67,931)	-	18,405	-
Movement in investment in Associate	23	(66,187)	(66,187)	(608,000)	(608,000)
Profit on disposal of property and equipment	11	(4,263)	(4,263)	(11,366)	(11,366)
		1,881,079	**1,893,413**	**1,766,825**	**1,766,825**
Tax paid	13(c)	(1,112,460)	(1,112,460)	(1,147,501)	(1,147,501)
Changes in operating assets and liabilities					
Trade receivables	35(ii)	(115,524)	(115,524)	(97,173)	(97,173)
Other assets	35(iii)	142,503	130,169	628,525	628,525
Payables and accruals	35(iv)	(145,505)	(145,505)	68,580	68,580
Other liabilities	35(v)	(867,642)	(867,642)	2,471,038	2,471,038
Net cash flows used in/from operating activities		**(217,549)**	**(217,549)**	**3,690,294**	**3,690,294**
Cash flows from investing activities:					
Purchase of property and equipment	15	(701,032)	(701,032)	(387,313)	(387,313)
Purchase of intangible assets	16	(41,555)	(41,555)	(23,568)	(23,568)
Proceeds on disposal of property and equipment	35(vii)	15,138	15,138	31,672	31,672
Net proceeds on disposal of investments (treasury bills)	35(viii)	1,130,302	1,130,302	(460,877)	(460,877)
Net purchase of investment (bonds)	35(ix)	1,695,236	1,695,236	(1,943,236)	(1,943,236)
Interest received	35(x)	4,656,647	4,656,647	4,206,425	4,206,425
Net cash flows from investing activities		**6,754,736**	**6,754,736**	**1,423,103**	**1,423,103**
Cash flows from financing activities:					
Dividend paid	35(x)	(3,430,562)	(3,430,562)	(3,491,164)	(3,491,164)
Lease payment	35(v)	(41,350)	(41,350)	-	-
Net cash flows used in financing activities		**(3,471,912)**	**(3,471,912)**	**(3,491,164)**	**(3,491,164)**
Net increase in cash and cash equivalents		3,065,275	3,065,275	1,622,233	1,622,233
Cash and cash equivalents, beginning of the year		3,626,867	3,626,812	2,004,978	2,004,923
Effect of movements in exchange rates on cash held		(597)	(597)	(344)	(344)
Cash and cash equivalents, end of the year	21	6,691,545	6,691,490	3,626,867	3,626,812

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

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

1 **Description of business**

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

The consolidated and separate financial statements of the Company as at and for the year ended 31 December 2019 comprise the Company and its subsidiary (together referred to as the "Group") and the Group's interest in an equity accounted investee.

2 **Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standard.

(a) **Statement of compliance**

These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004, and the Financial Reporting Council of Nigeria Act, 2011. The financial statements were authorised for issue by the Company's Board of Directors on 13 March 2020. Details of the accounting policies consistently applied by the Company for all years presented in the financial statements are included in Note 4, except for IFRS 16 *Leases* that is applied for the first time.

(b) **Functional and presentation currency**

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

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

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.
Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 5.

(d) **Basis of measurement**

These consolidated and separate financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:
- Financial asset measured at fair value through other comprehensive income.
- Financial asset measured at amortized cost
- Defined benefit liability. This has been measured on actuarial valuation basis

3 **Changes in accounting policies**

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

(a) ***Leases* (IFRS 16)**

The Group and Company has applied IFRS 16 *Leases* effective 1 January 2019. A number of other new standards and amendments are also effective from 1 January 2019 but they do not have material effect on the Group and Company's financial statements.

The effect of adopting this new standard is essentially attributed to the following:

(i) Recognition of right-of-use asset and lease liability for operating leases.

(ii) Additional depreciation charge on the right-of-use asset and interest expense emanating from unwinding the lease liability

(iii) IFRS 16 related disclosures

The Group and Company adopted IFRS 16 *Leases* using the modified retrospective approach which permits non-restatement of comparative financial information. As highlighted above, the major impact of this adoption is that the Group and Company will be required to capitalise all leases (by recognising a right-of-use asset and a lease liability) except for short-term leases and leases of low-value assets as permitted by the standard.

(b) ***IFRIC 23 Uncertainty over tax treament***

IFRIC 23 which became effective 1 January 2019, clarifies how to determine the accounting tax position when there is uncertainty over income tax treatments. This amendment applies to all aspects of income tax accounting , including taxable profit or loss, the tax basis of assets and liabilities, tax losses and credits, and tax rates.
This interpretation requires an entity to:

(i) determine whether uncertain tax positions are assessed separately or as a group;

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

(ii) assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filling.
(iii) If yes, the entity should record the same amount in the financial statements as submitted (or planned to be submitted) in the income tax return.
(iv) If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Group and Company has considered the guidiance included within the interpretation and concluded that the prescribed approach does not have a material impact on it.

4 Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

(ii) Loss of control

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

(iii) Transactions eliminated on consolidation

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

(iv) Non-controlling interest

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

(v) Interest in equity-accounted investee

The Group's interest in equity-accounted investees represents its interest in associates. Associates are those entities in which the Group and Company have significant influence, but not control, over the financial and reporting policies.
Interest in equity accounted investees are accounted for using the equity method. They are initially recognised at cost, which include transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investee, until the date on which the significant influence ceases. The Company invested in NG Clearing. NG Clearing Limited is an associate company in which the Company has 22.6% ownership interest (2018: 22.6%). It is principally established to operate clearing house(s) for the clearance and settlement of transactions in financial securities and derivatives contracts. The Company was incorporated in the year 2016 and has not commenced operations.

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

(b) Foreign currency transactions

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

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

(c) Revenue recognition

Revenue from rendering of services

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

- Depository fees represent the annual fees charged to companies quoted on the Nigerian Stock Exchange at a rate of market capitalisation.
- Eligibility Fees represents annual fees charged to stock broking firms for trading. This fees makes the stockbroking firms eligible to trade.
- Settlement banks participation fee represents annual fees charged to banks through which the value of the trades on the Nigerian Stock Exchange trading floor settles to all related parties.
- Legal entity identifier represents annual fee charged to all market participants on an annual basis for a unique identification number to enable them trade internationally and attract foreign investors confidence.
- The Group and Company provides lien services to lenders who have granted credit facilities to borrowers secured with securities deposited with the Company. Collateral Management fees and other incidental fees are charged and recognised in the statement of profit or loss once the lien service passed the five stages of revenue recognition in accrodance with IFRS 15.
- Special account fee represents annual fee charged to individuals, families, corporate and stockbroking firms who desire to have their shares secured in a special account for proper monitoring.
- Website subscription fee represents annaul fee charged annually to individual, family, corporate and stockbroking firms to enable them view their transactions online.
- Data centre subscription is earned from electronic document management services rendered to differenct levels of customers on contract basis. This income is recognised either according to percentage-of-completion or the terms and conditions of the contract letter

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

The revenue lines below are at a point in time revenue:

- Transaction fees are based on values of shares traded on the Nigerian Stock Exchange or any other authorized / organized Securities Trading Platform charged on the investors at a percentage of sales.
- Listing fee is a one-off charges on new issuance of equity and bond by the issuers. This is a percentage of the number number of shares multiplied by the market price.
- Nominal fees is charged to issuers or investors for block divestment and shares detachment at an arms length transaction.
- X-alert fee is charged to investors per transaction alerting them on transactions on their shares.
- DMO services fees are monthly charges to DMO on services rendered. For example: creation of ISIN codes, OTC transaction fees, etc

Revenue	
At a point in time	**Overtime**
Transaction fees	Depository fee
Listing fees	Eligibility fees
Nominal fees	Settlement bank participation fees
X-alert fee	Legal Entity identifier
DMO Services	Collateral management
	Special account fee
	Website subscription fee

The Group and the Company is applying practical expedient in considering income from contracts by not disclosing performance obligations that have original expect duration of one year or less.

Contract Liability

FRS 15 *Revenue from Contracts with Customers* establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer.

Contract liability is recognised when a payment for customer is due (or already received, whichever is earlier) before a related performance obligation is satisfied.

Contract liability include payment received for collateral management services rendered to as well as collateral management and sales and business development fee which is yet to be earned as at the year end 31 December 2019.

(d) Share Capital

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

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

(e) Dividends distribution

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

(f) Earnings per share

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

(g) Employee benefits

(i) Short term employee benefits

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

(ii) Retirement benefit costs

Defined contribution plans

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

Defined benefit plans - Long term incentive scheme

The calculation of defined benefit obligations is performed annually by an external actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

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

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

Valuation Methodology

- First, at the date of joining employment, Present value approach was used to determine the value of the expected future contributions at the proposed annual contribution rate by discounting at the assumed net of earnings discount rate over the period to retirement.
- Secondly the resulting value was adjusted for accumulation at the valuation rate of interest to the valuation date and thereafter, over the future years to retirement, from that date to give the projected lump sum.
- Finally, the projected cash sum was expressed as a proportion of the projected final total emoluments in the year of retirement to obtain the projected gross income replacement ratio.

(h) Taxation

Income tax

Income tax expense comprises current tax (company income tax, tertiary education tax National Information Technology Development Agency levy and Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Company had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the

(a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

- Tertiary education tax is computed on assessable profits
- National Information Technology Development Agency levy is computed on profit before tax
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year)

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

(b) 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.
– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
– temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
– taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
Deferred tax assets and liabilities are offset only if certain criteria are met.

(i) Property and equipment
(i) Recognition and measurement
The cost of an item of property, plant and equipment is recognised as an asset if:
- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

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

Property, plant and equipment are tangible items that:
- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one period.

Property, plant and equipment includes bearer plants related to agricultural activity.

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

(ii) **Subsequent expenditure**

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

(iii) **Depreciation**

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property and equipment. Significant asset components with different useful lives are accounted for and depreciated separately.
The following depreciation years, based on the estimated useful lives of the respective assets, are applied throughout the Group:

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

Depreciation begins when an asset (tangible) is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5.
Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) **De-recognition**

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal is the difference between the proceeds and the carrying amount which is recognised as the operating income or expense respectively in profit or loss.
When assets are sold, closed down or scrapped, the difference between the net proceeds and the net carrying amount of the assets is recognized as a gain or loss in other operating income or expenses, respectively.

(v) **Capital Work in progress**

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

(j) Intangible assets

(i) **Initial recognition and measurement**

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

(ii) **Subsequent Expenditure**

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

(iii) **Amortisation**

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

Software License	Over License term
Software under development	Not amortized

(iv) De-recognition

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

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

(v) Software under development

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

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

(k) Impairment of non-financial assets

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

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

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

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

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

(l) Leases

The Group and Company adopted IFRS 16 Leases from 1 January 2019 using the modified retrospetive approach and as a result the comparative information presented for 2018 is not restated - i.e it is presented, as previously reported under IAS 17 and related interpretations.

IFRS 16 introduced a single, on-balance sheet accounting model for leases. Therefore, the Group and Company, as a lessee has recognised the right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessors accounting remains similar to previous accounting policies.

The Group and Company's major lease transactions are leases relating to the lease of its head office and Abuja branch.

(i) Definition of a lease

According to IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The change in definition of a lease mainly relates to the concept of control. This standard distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- the right to obtain substantially all of the economic benefits from the use of an identified asset; and
- the right to direct the use of that asset.

The Group and Company will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract).

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

(ii) The Group/Company is a lessee

Leases, under which the Group and Company possesses a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration is disclosed in the Group annd Company's dtatement of financial position and recognised as a leased asset.

To assess whether a contract conveys the right to control, the use of an identified asset for a period time, the Group assesses whether throughout the period of use, it has both the following:

To assess whether a contract conveys the right to control, the use of an identified asset for a period time, the Group assesses whether throughout the period of use, it has both the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset, and

(b) the right to direct the use of the identified asset.

As permitted by the standard, the Group and Company has elected not to recognise right-of-use asset and lease liability for lease of assets for less than 12 months (short-term leases) and lease of assets of a low value. Hence, the Group and Company recognises expenses associated with such leases as an expense on straight line basis over the lease period.
The Group and Company presents the right-of-use asset as a separate class under property, plant and equipment and depreciates over the life of the lease. It also presents lease liability in other liabilies in the statement of financial position.

(c) **Significant accounting policies**

Policy applicable from 1 January 2019

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an asset, the Group uses the definition of a lease in IFRS 16.
This policy is applied to contracs entered into, on or after 1 January 2019.
The Group and Company recognises a right-of-use asset and a lease liability at commencement date of the lease. The right-of-use asset is initially measured at cost, and subsequently measured at cost less any accumulated depreciation and possible impairment losses, and adjusted for certain remeasurements of the lease liability.
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Group and Company's incremental borrowing rate. Practically, the incremental borrowing rate of the Group and Company is used as the discount rate.

The lease liability is decreased by lease payment and increased by the interest cost on the lease liability. Remeasurement is done whenever there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group and Company has applied judgement to determine the lease term for its lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group and Company is reasonably certain to exercise such options impacts the lease term, which remarkably impacts the amount of right-of-use asset and lease liability recognised.

Policy applicable before 1 January 2019

All leases where the Group and Company does not have substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the lease term. Leases by the Group and Company were, prior to the adoption of IFRS 16, classified as operating leases.

(d) **Transition**

Under the old transition (IAS 17), the Group and Company classified property leases, which are mainly its head office and branches, as operating leases. However, upon transition, lease liability is measured at the present value of the remaining lease payments, discounted at the Group and Company's incremental borrowing rate as at 1 January 2019. While right-of-use asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

(e) **The Group/Company is a lessor**

The accounting policies applicable to a lessor under the new standard are not different from those under IAS 17. Upon transition, the Group and Company do not have any lease in which it acts as a lessor.

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

(f) **Impacts on the financial statements**

On transition to IFRS 16, the Group and Company recognised the applicable right-of-use asset and lease liability as summarised below:

In thousands of Naira	1 January 2019
Right-of-use asset	356,287
Lease liability	318,245

In measuring the lease liability for leases that were classified as operating leases, the Group and Company discounted future lease payments using its propable incremental borrowing rate as at 1 January 2019 which stood at 18%.

In thousands of Naira	1 January 2019
Operating lease presented as part of prepayments as at 31 December 2019	18,095
Right-of-use asset upon adoption of IFRS 16	318,245
Right-of-use asset recognised as at 1 January 2019	356,287

As a result of initial application of IFRS 16, in relation to the leases that were previously classified as operating leases, the Group and Company recognised N356.3 million as right-of-use asset and N318.2 million as lease liability as at 1 January 2019

The policy applicable before 1 January 2019 was an operating lease using straight line basis to amortize the rent and rates for the period.

(m) **Financial Instruments**

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

(a) **Cash and cash equivalents**

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

(b) **Fixed deposits**

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

(c) **Investment securities**

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

(d) **Other receivables**

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

(ii) **Recognition and initial measurement**

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

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

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

(iii) **Financial assets classification**

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

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

(a) the asset is held within a business model that is Held-to-Collect (HTC) as described below, and

(b) the contractual terms of the instrument give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

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

(a) the asset is held within a business model that is Held-to-Collect-and-Sell (HTC&S) as described below, and

(b) the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI.

All other debt instruments are measured at FVTPL.

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

(a) **Business model assessment**

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

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

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

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

(b) **Assessment of whether cashflows are solely payments of principal and interest**

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

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

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

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

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

(iv) **Financial assets – Subsequent measurement and gains and losses**

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

(v) **Financial liabilities – Classification, subsequent measurement and gains and losses**

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

(vi) **Derecognition**

Financial assets

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

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

Financial liabilities

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

(vii) **Offsetting**

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

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

(viii) **Fair value measurement**

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

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

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

(ix) **Amortised cost**

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

(n) **Impairment**

Non-derivative financial assets

The Group and Company recognises loss allowances for ECLs on:
- financial assets measured at amortised cost and
- debt investments measured at FVOCI;

The Group and Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12 month ECLs:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

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

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

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

Measurement of ECLs

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

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

Credit-impaired financial assets

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

Write-off

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

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

(o) Provisions

Provisions are recognized for present legal and constructive obligations arising from past events that will probably give rise to a future outflow of resources, provided that a reliable estimate can be made of the amount of the obligations.
Provisions are measured in accordance with IAS 37 *(Provisions, Contingent Liabilities and Contingent Assets)*. Where the cash outflow to settle an obligation is expected to occur after one year, the provision is recognized at the present value of the expected cash outflow. Claims for reimbursements from third parties are capitalized separately if their realization is virtually certain.

If the projected obligation declines as a result of a change in the estimate, the provision is reversed by the corresponding amount and the resulting income recognized in the operating expense item(s) in which the original charge was recognized.
Trade-related provisions are recorded mainly for the obligations in respect of services already received but not yet invoiced.
Provisions for litigation are recorded in the statement of financial position in respect of pending or future litigations, subject to a case-by-case examination. Such legal proceedings are evaluated on the basis of the available information, including that from legal counsel acting for the Group, to assess potential outcomes. Where it is more likely than not that a present obligation arising out of legal proceedings will result in an outflow of resources, a provision is recorded in the amount of the present value of the expected cash outflows if these are considered to be reliably measurable. These provisions cover the estimated payments to plaintiffs, court fees, attorney costs and the cost of potential settlements. The evaluation is based on the current status of the litigations as of each closing date and includes an assessment of whether the criteria for recording a provision are met and, if so, the amount of the provision to be recorded.

Litigation and other judicial proceedings generally raise complex issues and are subject to many uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, the jurisdiction in which each suit is brought and differences in applicable law. The outcome of currently pending and future proceedings therefore cannot be predicted. As a result of a judgment in court proceedings or the conclusion of a settlement, the Group may incur charges in excess of presently established provisions and related insurance coverage.
Where the time effect of money is material, balances are discounted to current values using appropriate rates of interest. The unwinding of the discount is recognized as finance cost.

(p) Interest income

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

(q) Contingent assets and liabilities

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

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

(r) Other operating expenses

All other operating expenses are accounted for on accrual basis

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

(s) Standards issued but not yet effective

A number of new Standards, Amendments to Standards, and Interpretations are effective for annual periods beginning after 1 January 2019 and have not been applied in reparing these (consolidated and separate) financial statements. Those Standards, Amendments to Standards, and Interpretations which may be relevant to the Group (or Company) are set out below.

The Group and Company do not plan to adopt these standards early. The standards will be adopted in the period that they become mandatory unless otherwise indicated:
• Amendments to References to Conceptual Framework
• Definition of a Business (Amendments to IFRS 3)
• Definition of Material (Amendments to IAS 1 and IAS 8)
• Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
• IFRS 17 Insurance Contracts

Conceptual Framework amendments - *Amendments to references to conceptual framework in the IFRS Standards* . The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:
• A new chapter on measurement;
• Guidance on reporting financial performance;
• Improved definitions of an asset and a liability, and guidance supporting these definitions; and
• Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Amendments to IFRS 3 - *Definition of a Business.* Defining a business is important because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets when applying IFRS 3.
The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted.

Amendments to IAS 1 and IAS 8 - *Definition of Material.* The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework. The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments "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 are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change – the refinements are not intended to alter the concept of materiality.

Amendments to IFRS 9, IAS 39 and IFRS 7. *Interest Rate Benchmark Reform* . Amendments to IFRS 9, IAS 39 and IFRS 7 have now been issued to address uncertainties related to the ongoing reform of interbank offered rates (IBOR). The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform. The amendments address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform. The amendments are effective from 1 January 2020. Early application is permitted.

IFRS 17 - *Insurance Contracts* . IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:
- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.
The entity is in the process of determining the impact of IFRS 17 and will provide more detailed disclosure on the impact in future financial statements.

5 Use of judgements and estimates

In preparing these consolidated and separate financial statements, the Directors have made judgement, estimates and assumptions that affect the application of the Group and Company's accounting policies and the reported amounts of assets, liabilities and expenses. Actual reports may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

Judgements

Management has exercised judgment in applying determining the lease term of lease contracts during the year.
Judegment has been applied to determine whether the Group is reasonably certain to exercise extension options.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as at 31 December 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed below;

Impairment losses of financial assets

(i) In the application of the Group and Company's accounting policies, the Directors are required to make judgements, estimates and Financial assets accounted for at amortised cost and at fair value through other comprehensive income are evaluated for impairment on a basis described in accounting policy. See note 20.

(ii) **Key actuarial assumptions**

- Measurement of defined benefit obligations: key actuarial assumptions;

(iv) **Defined benefit obligation**

The Group and Company sponsored a defined benefit plan for its qualifying employees. The plan was terminated in 2017. The Group and Company estimated its obligation to each staff in the current year in return for their service using the projected unit credit method. Also, the funding requirements were based on actuarial measurement which sets discount rates with reference to the expected long term rates of return on plan assets. Amounts contributed in each year into the plan were expensed in the year in which they were due. Note 29.1

(iii) **Measurement of fair values**

A number of the Group and Company's accounting policies and disclosures require the measurement of fair values.
The Group and Company has an established control framework with respect to the measurement of fair values. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and report directly to the Chief Financial Officer.
The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.
Significant valuation issues are reported to the Board Audit Committee.
When measuring the fair value of an asset or a liability, the Group and Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

(i) Level 1 : Quoted market price (unadjusted) in an active market for an identical instrument.

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

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

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

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

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

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

6 Risk management framework

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

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

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

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

• Credit risk
• Liquidity risk
• Market risk

(a) Credit Risk

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

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

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

In thousands of Naira	Group 2019	Company 2019	Group 2018	Company 2018
Impairment loss on trade receivables	116,559	116,559	75,677	75,677
Impairment loss on debt securities at amortised cost	64,885	64,885	34,382	34,382
Impairment loss on debt securities at FVTOCI	3,097	3,097	9,412	9,412
Impairment loss on cash and cash equivalent	79	79	15,467	15,467
	184,620	**184,620**	**134,938**	**134,938**

(i) Trade receivables

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

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

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

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

As at 31 December 2019, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

		Carrying amount		Carrying amount	
		Group 31-Dec	Company 31-Dec	Group 31-Dec	Company 31-Dec
In thousands of Naira	Notes	2019	2019	2018	2018
Trade receivables					
Bond Dealers		22,899	22,899	7,180	7,180
Quoted Companies		93,634	93,634	110,245	110,245
Stock Broking Firms		20,705	20,705	26,112	26,112
Sales and Business Development		153,314	153,314	33,419	33,419
Settlement Banks		3,050	3,050	1,000	1,000
Total	18(a)	**293,602**	**293,602**	**177,956**	**177,956**
Impairment allowance for trade receivables	18(b)	(116,559)	(116,559)	(75,677)	(75,677)
Total		**177,043**	**177,043**	**102,279**	**102,279**

		Carrying amount		Carrying amount	
		Group 31-Dec	Company 31-Dec	Group 31-Dec	Company 31-Dec
In thousands of Naira	Notes	2019	2019	2018	2018
Other receivables					
Staff debtors		2,243	2,243	1,827	1,827
Amount due from NG Clearing Ltd		-	-	44,991	44,991
Sundry receivables		76,830	76,830	109,807	109,807
Total	19(a)	**79,073**	**79,073**	**156,625**	**156,625**
Impairment allowance for trade receivables	19(b)	(68,400)	(68,400)	(68,400)	(68,400)
Total		**10,673**	**10,673**	**88,225**	**88,225**

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

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

	Other receivables			Trade receivables			
	Group 31-Dec	Company 31-Dec	Company 31-Dec	Group 31-Dec	Company 31-Dec	Group 31-Dec	Company 31-Dec
In thousands of Naira	2019	2019	2018	2019	2019	2018	2018
Balance as at 1 January	68,400	68,400	-	75,799	75,799	120,921	120,921
Adjustment on initial application of IFRS 9	-	-	-	-	-	(55,688)	(55,688)
Movement in the year	-	-	68,400	40,760	40,760	10,444	10,444
Balance as at year end	**68,400**	**68,400**	**68,400**	**116,559**	**116,559**	**75,677**	**75,677**
Movement in the year:							
Impairment charge on financial assets	-	-	68,400	40,760	40,760	10,444	10,444
Net movement in the year	-	-	**68,400**	**40,760**	**40,760**	**10,444**	**10,444**

Expected credit loss assessment as at 1 January and 31 December 2019

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

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

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

As at 31 December 2019, the ageing of trade receivables not impaired was as follows:

In thousands of Naira	Weighted-average loss rate	Gross carrying amount	Loss allowance	Credit Impaired
Trade receivables	40%	293,602	(116,559)	No
Other receivables*	87%	79,073	(68,400)	No
		372,675	(184,959)	

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

	Carrying amount			
	Group 31-Dec	Company 31-Dec	Group 31-Dec	Company 31-Dec
In thousands of Naira	2019	2019	2018	2018
Neither past due nor impaired 1 - 30 days	569	569	329	329
Neither past due nor impaired 31 - 90 days	16,657	16,657	9,623	9,623
Neither past due nor impaired 91 - 180 days	159,817	159,817	92,327	92,327
Total	177,043	177,043	102,279	102,279

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

(ii) **Debt Securities**

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

The Group and Company held total investments of N26,652,942(FVOCI - N5,193,939; Amortised Cost - N21,459,003) at 31 December 2019 (31 December 2018: N29,547,862 (FVOCI - N7,193,947; Amortised Cost - N22,353,915)) which represents its maximum credit exposure on Federal Government Treasury Bills, Federal Government Bonds, State Government Bonds and Corporate Bonds. These investment are measured in accordance with IFRS 9 from January 1, 2019.

As at 31 December 2019, the maximum exposure to credit risk for investments was as follows:

		FVOCI		Amortised cost		FVOCI	
		Group 31-Dec	Company 31-Dec	Group 31-Dec	Company 31-Dec	Group 31-Dec	Company 31-Dec
In thousands of Naira	Notes	2019	2019	2019	2019	2018	2018
Treasury Bills	17(b)	5,005,511	5,005,511	-	-	5,879,813	5,879,813
Federal Government Bonds	17(a)	217,111	217,111	19,144,992	19,144,992	732,273	732,273
State Government Bonds	17(a)	117,343	117,343	2,302,012	2,302,012	416,307	416,307
Corporate Bonds	17(a)	129,414	129,414	-	-	176,613	176,613
Gross carrying amount		**5,469,379**	**5,469,379**	**21,447,004**	**21,447,004**	**7,205,006**	**7,205,006**
Impairment loss allowance		(3,097)	(3,097)	(64,885)	(64,885)	(9,412)	(9,412)
Total		**5,466,282**	**5,466,282**	**21,382,119**	**21,382,119**	**7,195,594**	**7,195,594**

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

Movement in allowance for impairment

	FVOCI		Amortised cost		FVOCI	
	Group 2019	Company 2019	Group 2019	Company 2019	Group 2018	Company 2018
In thousands of Naira	12-month ECL		12-month ECL		12-month ECL	
Balance at 1 January under IAS 39	9,412	9,412	34,382	34,382	-	-
Adjustment on initial application of IFRS 9	-	-	-	-	103,277	103,277
Impairment loss /(reversal) for the year	(6,315)	(6,315)	30,503	30,503	(93,865)	(93,865)
Total	**3,097**	**3,097**	**64,885**	**64,885**	**9,412**	**9,412**

(iii) Cash and cash equivalents

The Group held cash and cash equivalents of N6.69 billion at 31 December 2019 (31 December 2018: N3.62 billion) which represents its maximum credit exposure on these assets. The cash and cash equivalents with maturity profile of less than 3 months, are held with local banks which are rated "BB" by reputable rating agency.

Impairment on cash and cash equivalents has been measured on 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The impairment allowance on cash and cash equivalent for the year ended 31 December 2019 was N79 thousand because of impairment reversal. (2018: N12.7m)

(iv) Total exposure to credit risk

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

In thousands of Naira	Notes	Group 31-Dec 2019	Company 31-Dec 2019	Group 31-Dec 2018	Company 31-Dec 2018
Trade receivables	18(a)	177,043	177,043	102,279	102,279
Other receivables	19(a)	10,673	10,673	88,225	88,225
Investment securities	17(a)(b)	21,447,004	21,447,004	22,319,533	22,319,533
Cash and cash equivalents	21	6,691,545	6,691,490	3,626,868	3,626,813
		28,326,265	**28,326,210**	**26,136,904**	**26,136,850**

(b) Liquidity risk

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

The Group and Company maintain the level of its cash and cash equivalents and other highly marketable debt investments in excess of expected cash outflows on financial liabilities. The Group and Company also monitors the level of expected cash inflows from trade receivables and other receivables together with expected cash outflows on trade and other payables. The expected receivables from maturing treasury bills with maturity profiles of less than 3 months as at 31 December 2019 was N1.189 billion (31 December 2018: N198.18 million).

Exposure to Liquidity Risk

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

Maturity Analysis
The Group
31 December 2019

	Contractual cashflows					
In thousands of Naira	Less than 3 months	3 months - 6 months	6 months - 1 year	Above 1 year	Total	Carrying amount
Financial assets						
Investment securities	1,929,829	505,075	5,358,102	24,169,350	31,962,356	26,916,383
Trade receivables	17,226	159,817	-	-	177,043	177,043
Other receivables	10,673	-	-	-	10,673	10,673
Cash and cash equivalents	6,691,545	-	-	-	6,691,545	6,691,545
Total	**8,649,272**	**664,892**	**5,358,102**	**24,169,350**	**38,841,617**	**33,795,643**
Financial liabilities						
Payables and accruals	118,954	-	124,649	-	243,603	243,603
Other liabilities	113,851	-	1,335,522	294,150	1,743,523	1,743,523
Lease liabilities	-	-	27,025	291,220	318,245	318,245
Total	**232,805**	-	**1,487,196**	**585,370**	**2,305,371**	**2,305,371**

The Company
31 December 2019

In thousands of Naira	Less than 3 months	3 months - 6 months	6 months - 1 year	Above 1 year	Total	Carrying amount
Financial assets						
Investment securities	1,929,829	505,075	5,358,102	24,169,350	31,962,356	26,916,383
Trade receivables	17,226	159,817	-	-	177,043	177,043
Other receivables	10,673	-	-	-	10,673	10,673
Cash and cash equivalents	6,691,490	-	-	-	6,691,490	6,691,490
Total	**8,649,218**	**664,892**	**5,358,102**	**24,169,350**	**38,841,562**	**33,795,589**

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

	Less than 3 months	3 months - 6 months	6 months - 1 year	Above 1 year	Total	Carrying amount
Financial liabilities						
Payables and accruals	118,954	-	124,649	-	243,603	243,603
Other liabilities	113,851	-	1,335,522	294,150	1,743,523	1,743,523
Lease liabilities	-	-	27,025	291,220	318,245	318,245
Total	232,805	-	1,487,196	585,370	2,305,371	2,305,371

The Group
31 December 2018

In thousands of Naira	Contractual cashflows Less than 3 months	3 months - 6 months	6 months - 1 year	Above 1 year	Total	Carrying amount
Financial assets						
Investment securities	3,253,019	635,646	2,789,018	22,870,178	29,547,862	29,547,862
Trade receivables	9,952	92,327	-	-	102,279	102,279
Other receivables	88,225	-	-	-	88,225	88,225
Cash and cash equivalents	3,626,868	-	-	-	3,626,868	3,626,868
Total	6,978,063	727,973	2,789,018	22,870,178	33,365,233	33,365,233
Financial liabilities						
Payables and accruals	405,457	-	-	-	405,457	405,457
Other liabilities	2,986,185	-	-	-	2,986,185	2,986,185
Total	3,391,642	-	-	-	3,391,642	3,391,642

The Company
31 December 2018

In thousands of Naira	Less than 3 months	3 months - 6 months	6 months - 1 year	Above 1 year	Total	Carrying amount
Financial assets						
Investment securities	3,253,019	635,646	2,789,018	22,870,178	29,547,862	29,547,862
Trade receivables	9,952	92,327	-	-	102,279	102,279
Other receivables	88,225	-	-	-	88,225	88,225
Cash and cash equivalents	3,626,813	-	-	-	3,626,813	3,626,813
Total	6,978,008	727,973	2,789,018	22,870,178	33,365,179	33,365,179
Financial liabilities						
Payables and accruals	405,457	-	-	-	405,457	405,457
Other liabilities	2,986,185	-	-	-	2,986,185	2,986,185
Total	3,391,642	-	-	-	3,391,642	3,391,642

(c) Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group and Company's income or value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters, while optimising the return. The Group and Company do not use derivatives to manage market risks.

(i) Currency Risk

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

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

The Group

Financial instruments by currency as at 31 December 2019

In thousands	Note	Carrying amount Naira	Naira	USD	GBP		Euro
Financial assets							
Investments	17	21,960,972	21,960,972	-	-	-	-
Trade receivables	18(a)	177,043	177,043	-	-	-	-
Other receivables	19(a)	10,673	10,673	-	-	-	-
Cash and cash equivalents	21	6,691,545	6,691,526	9	9		0
		28,840,233	28,840,214	9	9		0
Financial liabilities							
Payables and accruals	27	243,603	243,603	-	-		-
Other liabilities	28	2,061,768	2,061,768	-	-	-	-
		2,305,371	2,305,371	-	-		-
Net Open Position		26,534,862	26,534,843	9	9	-	0

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

The Company
Financial instruments by currency as at 31 December 2019

In thousands	Note	Carrying amount Naira	Naira	USD	GBP		Euro
Financial assets							
Investments	17	21,960,972	21,960,972	-	-	-	-
Trade receivables	18(a)	177,043	177,043	-	-	-	-
Other receivables	19(a)	10,673	10,673	-	-	-	-
Cash and cash equivalents	21	6,691,490	6,691,471	9	9	-	0
		28,840,178	**28,840,159**	**9**	**9**		**0**
Financial liabilities							
Payables and accruals	27	243,603	243,603	-	-	-	-
Other liabilities	28	2,061,768	2,061,768	-	-	-	-
		2,305,371	**2,305,371**	-	-		-
Net Open Position		26,534,807	26,534,788	9	9	-	0

The Group
Financial instruments by currency as at 31 December 2018

In thousands	Note	Carrying amount Naira	Naira	USD	GBP		Euro
Financial assets							
Investments	17	23,644,726	23,644,726	-	-	-	-
Trade receivables	18(a)	102,279	102,279	-	-	-	-
Other receivables	19(a)	88,225	88,225	-	-	-	-
Cash and cash equivalents	21	3,571,497	3,571,345	143	8	-	0
		27,406,727	**27,406,575**	**143**	**8**		**0**
Financial liabilities							
Payables and accruals	27	405,457	405,457	-	-	-	-
Other liabilities	28	2,986,185	2,986,185	-	-	-	-
		3,391,642	**3,391,642**	-	-		-
Net Open Position		**24,015,085**	**24,014,933**	**143**	**8**	-	**0**

The Company
Financial instruments by currency as at 31 December 2018

In thousands	Note	Carrying amount Naira	Naira	USD	GBP		Euro
Financial assets							
Investment securities	17	23,644,726	23,644,726	-	-	-	-
Trade receivables	18(a)	102,279	102,279	-	-	-	-
Other receivables	19(a)	88,225	88,225	-	-	-	-
Cash and cash equivalents	21	3,626,813	3,571,290	143	8	-	0
		27,462,043	**27,406,520**	**143**	**8**		**0**
Financial liabilities							
Payables and accruals	27	405,457	405,457	-	-	-	-
Other liabilities	28	2,986,185	2,986,185	-	-	-	-
		3,391,642	**3,391,642**	-	-		-
Net Open Position		**24,070,456**	**24,014,933**	**143**	**8**	-	**0**

The following significant exchange rates have been applied :

	Year end average rate		Year end spot rate	
	2019	**2018**	**2019**	**2018**
USD	368	363	365	360
GBP	485	507	483	458
EUR	410	462	409	410

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

Foreign exchange risk sensitivity analysis

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

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

In thousands of Naira	31 December 2019	31 December 2018
US dollar effect of 10% up or down movement on profit before tax and balance sheet	333	5,183
US dollar effect of 10% up or down movement on equity, net of tax	333	5,183

(ii) Interest rate risk

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

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

Interest rate profile

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

In thousands of Naira	Note	Group 2019	Company 2019	Group 2018	Company 2018
Financial instruments					
Cash and cash equivalents	21	6,690,680	6,690,625	3,619,148	3,619,093
Investment securities	17	26,966,483	26,966,483	29,524,539	29,524,539
		33,657,163	**33,657,108**	**33,143,687**	**33,143,632**

Interest rate sensitivity:

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

In thousands of Naira	Group 2019	Company 2019	Group 2018	Company 2018
Increase in interest rate by 100 basis points (+10%)	336,572	336,571	331,437	331,436
Decrease in interest rate by 100 basis points (-10%)	(336,572)	(336,571)	(331,437)	(331,436)

(d) Capital Management

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

The capital structure of the Group consist of the following:

- Share capital
- Retained earnings
- Other reserves

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

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

Capital risk management

The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Equity includes all capital and reserves of the company that are managed as capital. The Securities and Exchange Commission ("SEC") sets and monitors capital requirements for all Securities Clearing and Settlement Companies (CSDs). SEC prescribes the minimum capital requirement for a Central Securities Depository (CSD) operating in Nigeria. The minimum capital requirement for a CSD is five hundred million naira (N500,000,000.00). The Group has a total equity of N32.9 billion as at 31 December 2019 (31 December 2018: N31.2 billion). This is well above the minimum capital requirement set by SEC.

7 Segment Reporting

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

The Group's Management has considered the nature of product and services in determining the reportable segment of the group.

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

i Operations: This Segment provides clearing and settlement services in regard to equities and other securities types including commercial papers traded on other recognized Exchange Platforms in the Nigerian Capital Market. Revenue recognised in this segment are revenues from core activities in note 9 of the financial statements and other income.

ii Product and Services: This segment provides secondary data storage and disaster recovery in event of data loss to companies. It also stores securities used as collateral for credit facilities by companies. Revenue recognised in this segment are revenues from non core activities in note 9 of the financial statements.

iii Treasury: This segment is responsible for investments and management of the Group's liquidity ensuring a balance between liquidity and profitability.

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

The Group
31 December 2019

In thousands of naira	Operations	Product and Services	Treasury	Unallocated segment	Total
Revenue:					
Derived from external customers	3,911,852	676,955	4,612,237	-	9,201,044
Others	5,096	-	-	-	5,096
Segment revenue	**3,916,948**	**676,955**	**4,612,237**	-	**9,206,140**
Expenses:					
Personnel Expenses	(1,185,467)	(98,789)	(32,930)	-	(1,317,186)
Operating expenses	(1,173,305)	(63,422)	(31,711)	-	(1,268,438)
Finance cost - lease expense	(48,546)	-	-	-	(48,546)
Depreciation and amortisation	(506,813)	(27,395)	(13,698)	-	(547,906)
Allowance for doubtful receivables	(49,561)	-	-	-	(49,561)
Segment Expense	**(2,963,692)**	**(189,606)**	**(78,338)**	-	**(3,231,637)**
Segment operating income before tax	953,256	487,349	4,533,899	-	5,974,503
Share of profit of equity-accounted investee	-	-	-	67,931	67,931
Income tax	-	-	-	(1,141,755)	(1,141,755)
Profit after tax	**953,256**	**487,349**	**4,533,899**	**(1,141,755)**	**4,900,679**

31 December 2019
Assets and liabilities

In thousands of naira	Operations	Product and Services	Treasury	Unallocated segment	Total
Total assets	32,950,264	2,745,855	915,285	-	36,611,404
Total liabilities	3,334,788	277,899	92,633	-	3,705,320
Net asset	29,615,475	2,467,956	822,652	-	32,906,083

The Group
31 December 2018

In thousands of naira	Operations	Product and Services	Treasury	Unallocated segment	Total
Revenue:					
Derived from external customers	4,604,629	247,677	4,217,582	-	9,069,888
Others	12,197	-	-	-	12,197
Segment revenue	**4,616,826**	**247,677**	**4,217,582**	-	**9,082,085**
Expenses:					
Personnel Expenses	(1,141,271)	(95,106)	(31,702)	-	(1,268,079)
Operating expenses	(1,246,738)	(67,391)	(33,696)	-	(1,347,825)
Depreciation and amortisation	(447,001)	(24,162)	(12,081)	-	(483,244)
Allowance for doubtful receivables	126,812	-	-	-	126,812
Segment Expense	**(2,708,198)**	**(186,659)**	**(77,479)**	-	**(2,972,336)**
Segment operating income before tax	1,908,628	61,018	4,140,103	-	6,109,749
Share of loss of equity-accounted investeee	-	-	-	(18,405)	(18,405)
Income tax expense	-	-	-	(1,269,014)	(1,269,014)
Profit after tax	**1,908,628**	**61,018**	**4,140,103**	**(1,287,419)**	**4,822,330**

31 December 2018
Assets and liabilities

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

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

8 Accounting classifications and fair values of financial assets and liabilities

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

The Group
31 December 2019

		Carrying amount				Fair value			
In thousands of Naira	Notes	FVOCI	Amortized Cost	FVTPL	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value									
- Treasury Bills	17(b)	5,005,511	-	-	5,005,511	5,005,511	-	-	5,005,511
- Federal Government Bonds	17(a)	217,111	19,144,992	-	19,362,103	21,522,446	-	-	21,522,446
- Corporate Government Bond	17(a)	129,414	2,302,012	-	2,431,426	2,650,131	-	-	2,650,131
- State Government Bonds	17(a)	117,343	-	-	117,343	117,343	-	-	117,343
		5,469,379	21,447,004	-	26,916,383	29,295,431	-	-	29,295,431

The carrying amount of cash and cash equivalents, trade receivables and payables are reasonable approximation of their fair values.

The Company
31 December 2019

		Carrying amount				Fair value			
In thousands of Naira	Notes	FVOCI	Amortized Cost	FVTPL	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value									
- Treasury Bills	17(b)	5,005,511	-	-	5,005,511	5,005,511	-	-	5,005,511
- Federal Government Bonds	17(a)	217,111	19,144,992	-	19,362,103	21,522,446	-	-	21,522,446
- Corporate Government Bond	17(a)	129,414	2,302,012	-	2,431,426	2,650,131	-	-	2,650,131
- State Government Bonds	17(a)	117,343	-	-	117,343	117,343	-	-	117,343
		5,469,379	21,447,004	-	26,916,383	29,295,431	-	-	29,295,431

The carrying amount of cash and cash equivalents, trade receivables and payables are reasonable approximation of their fair values.

The Group
31 December 2018

		Carrying amount				Fair value			
In thousands of Naira	Notes	FVOCI	Amortized Cost	FVTPL	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value									
- Treasury Bills	17(b)	5,879,813	-	-	5,879,813	5,879,813	-	-	5,879,813
- Federal Government Bonds	17(a)	732,273	19,796,286	-	20,528,559	19,635,355	-	-	19,635,355
- Corporate Government Bond	17(a)	176,613	2,523,247	-	2,699,860	3,039,440	-	-	3,039,440
- State Government Bonds	17(a)	416,307	-	-	416,307	416,307	-	-	416,307
		7,205,006	22,319,533	-	29,524,539	28,970,915	-	-	28,970,915

The Company
31 December 2018

		Carrying amount				Fair value			
In thousands of Naira	Notes	FVOCI	Amortized Cost	FVTPL	Total carrying amount	Level 1	Level 2	Level 3	Total fair value
Financial assets measured at fair value									
- Treasury Bills	17(b)	5,879,813	-	-	5,879,813	5,879,813	-	-	5,879,813
- Federal Government Bonds	17(a)	732,273	19,796,286	-	20,528,559	19,635,355	-	-	19,635,355
- Corporate Government Bonds	17(a)	176,613	2,523,247	-	2,699,860	3,039,440	-	-	3,039,440
- State Government Bonds	17(a)	416,307	-	-	416,307	416,307	-	-	416,307
		7,205,006	22,319,533	-	29,524,540	28,970,915	-	-	28,970,915

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

9 Revenue

In thousands of Naira	Group 31-Dec 2019	Company 31-Dec 2019	Group 31-Dec 2018	Company 31-Dec 2018
Revenue from core activities				
Eligibility fees	20,269	20,269	27,111	27,111
Depository fees	1,451,697	1,451,697	1,260,625	1,260,625
Transaction fees	2,439,885	2,439,885	3,316,893	3,316,893
	3,911,852	**3,911,852**	**4,604,629**	**4,604,629**
Revenue from non-core activities				
Collateral management fees *	116,267	116,267	40,257	40,257
Data centre subscriptions *	197,575	197,575	24,344	24,344
Nominal fees	262,151	262,151	89,686	89,686
Settlement Banks Participation Fees	31,010	31,010	20,000	20,000
Statement of stock position fees	9,028	9,028	16,015	16,015
Special Accounts Fee	11,103	11,103	11,776	11,776
Website subscription fees	29,074	29,074	35,778	35,778
X-Alert Fee	3,172	3,172	3,226	3,226
DMO Services - FG Saving	10,964	10,964	1,695	1,695
Legal Entity Identifier Subscription	6,611	6,611	4,900	4,900
	676,955	**676,955**	**247,677**	**247,677**
Total revenue	**4,588,807**	**4,588,807**	**4,852,306**	**4,852,306**

The amount of N56 million making up contract liabilities as at 31 December 2018 has been recognised as revenue in 2019.

10 Investment Income

In thousands of Naira	Group 31-Dec 2019	Company 31-Dec 2019	Group 31-Dec 2018	Company 31-Dec 2018
Interest income from:				
Fixed deposits	331,545	331,545	100,726	100,726
Treasury bills	1,033,149	1,033,149	970,243	970,243
Federal Government bonds	2,576,435	2,576,435	2,493,574	2,493,574
Corporate bonds	25,613	25,613	144,953	144,953
State bonds	458,134	458,134	495,647	495,647
Total interest income	**4,424,876**	**4,424,876**	**4,205,143**	**4,205,143**
Gain on disposal of Treasury Bills	80,958	80,958	-	-
Gain on disposal of FGN Bond	106,403	106,403	12,439	12,439
Profit on disposal of investment	**187,361**	**187,361**	**12,439**	**12,439**
Total investment income	**4,612,237**	**4,612,237**	**4,217,582**	**4,217,582**

The total amount of investment income on instruments measured at amortized cost for the Group and Company is N3.152bn (2018: N2.892bn)

11 Other income

In thousands of Naira	Group 31-Dec 2019	Company 31-Dec 2019	Group 31-Dec 2018	Company 31-Dec 2018
Profit on disposal of property and equipment	4,263	4,263	11,366	11,366
Miscellaneous Income	833	833	831	831
	5,096	**5,096**	**12,197**	**12,197**

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

12 Expenses

12.1(i) Personnel Expenses

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Salaries and allowances	801,448	801,448	572,074	572,074
Staff training and development	41,264	41,264	64,557	64,557
Staff welfare and medical expenses	125,976	125,976	119,977	119,977
Performance Bonus (see note (i) below)	228,362	228,362	407,211	407,211
Long Term Incentive Scheme Expense(see note (ii) below)	44,054	44,054	34,299	34,299
Nigeria Social Insurance Trust Fund (NSITF)	2,601	2,601	2,539	2,539
Staff pension contribution (see note (iii) below)	73,481	73,481	67,422	67,422
	1,317,186	**1,317,186**	**1,268,079**	**1,268,079**

(i) Performance bonus accrual for 2019 was made because the year to date result was above the required threshold of 85% performance as provided for in the revised board approved staff incentive bonus scheme for the year ended 31 December 2019.

(ii) Long Term Incentive Scheme is a defined benefit (as approved by the Board).

(iii) The Company operates a funded defined contribution retirement scheme for its employees under the provision of the Pension Reform Act of 2014. The employer contributes 10% while the employee contributes 8% of the qualifying employee's salary. The Company does not have any additional legal or constructive obligation to pay further contributions if the Pension Fund Administrators do not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior years.

12.1(ii) **Employee Information:**

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

	Group 31 December 2019	Company 31 December 2019	Group 31 2018	Company 31 December 2018
Executive Directors	1	1	1	1
Management	5	5	2	2
Non-management	113	113	91	91
	119	**119**	**94**	**94**

(b) The Directors who received fees and other emoluments (excluding pension contributions and reimbursable expenses) were:

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 2018	Company 31 December 2018
Chairman	13,333	13,333	12,083	12,083
Other non-executive Directors	104,100	104,100	111,746	111,746
	117,433	**117,433**	**123,829**	**123,829**

The Directors remuneration as shown above includes:

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
The Chairman	13,333	13,333	12,083	12,083
The highest paid Director	13,867	13,867	12,700	12,700

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

	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
N1,000,000 - N5,000,000	8	8	1	1
N5,000,001 and above	6	6	11	11
	14	14	12	12

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

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

	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
N60,000 - N1,000,000	-	-	-	-
N1,000,001 - N3,000,000	12	12	12	12
N3,000,001 - N6,000,000	66	66	53	53
N6,000,001 - N9,000,000	15	15	12	12
N9,000,001 and above	25	25	17	17
	118	118	94	94

12.2 Other operating expenses

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Maintenance expenses	27,831	27,831	28,285	28,285
Office running expenses (see note (a) below)	305,034	292,700	319,759	319,759
Business development (see note (b) below)	387,336	387,336	327,218	327,218
Board of Directors fees	117,433	117,433	123,829	123,829
Board of Directors expenses	233,939	233,939	240,682	240,682
Donations	32,700	32,700	31,032	31,032
Professional fees	91,139	91,139	207,469	207,469
Audit fees	20,000	20,000	20,000	20,000
Bank charges	13,151	13,151	13,417	13,417
Net loss on foreign exchange	597	597	344	344
Penalties	1,000	1,000	-	-
Industrial Training Fund (ITF)	13,274	13,274	15,142	15,142
Other miscellaneous expenses (see note (c) below)	25,004	25,004	20,648	20,648
	1,268,438	**1,256,104**	**1,347,825**	**1,347,825**

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

(b) **Business development expenses**
Business development expenses can be analysed as follows:

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Data centre/IT Maintenance	100,449	100,449	136,458	136,458
Travelling	72,839	72,839	41,497	41,497
Business promotion/development	-	-	12,000	12,000
Digital centre services expenses	66,926	66,926	19,046	19,046
Software license fees	144,242	144,242	115,368	115,368
Legal Entity Identifier remittance	2,880	2,880	2,849	2,849
	387,336	**387,336**	**327,218**	**327,218**

(c) **Other miscellaneous expenses**
Other miscellaneous expenses can be analysed as follows:

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Filing fees	128	128	287	287
Entertainment	3,575	3,575	3,012	3,012
Annual General Meeting (AGM) expenses	17,974	17,974	13,849	13,849
Investor relations expense	3,013	3,013	3,500	3,500
Investor Protection Scheme (see note (d) below)	314	314	-	-
	25,004	**25,004**	**20,648**	**20,648**

(d) Investor protection expenses represents cost to buy back stocks which had remained unsettled due to financial inability of specific stockbroking firms. The Company bought back the shares to avoid distortions in the market.

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

12.3 Finance Cost

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Lease interest	48,546	48,546	-	-
	48,546	**48,546**	-	-

12.4 Depreciation and amortisation

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Depreciation of property and equipment (See (15))	202,221	202,221	138,191	138,191
Amortisation of intangible assets (See (16))	345,685	345,685	345,053	345,053
	547,906	**547,906**	**483,244**	**483,244**

13 Taxation

13(a) Income tax expense recognised in profit or loss

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Corporate income tax	517,508	517,508	521,930	521,930
Excess dividend tax paid (see note (i) below)	534,070	534,070	595,682	595,682
Tertiary Education tax	37,030	37,030	38,400	38,400
Information technology levy	59,868	59,868	61,301	61,301
Police trust fund	299	299	-	-
Income tax	**1,148,775**	**1,148,775**	**1,217,313**	**1,217,313**
Deferred tax expense				
Reversal of temporary differences - deferred tax	(7,020)	(7,020)	51,701	51,701
	1,141,755	**1,141,755**	**1,269,014**	**1,269,014**

(i) During the year, the Company was liable to excess dividend tax of N534.07 million representing 30% of N3.5 billion dividend paid over the income tax of N521.9 million recognized as tax expense in 2018.

Reconciliation of effective tax rate

The Group

in thousands of Naira	31 December 2019 Tax rate	31 December 2019 Amount	31 December 2018 Tax rate	31 December 2018 Amount
Profit before tax		6,042,434		6,091,344
Income tax using the domestic corporation tax rate	30.00%	1,812,730	30.00%	1,827,403
Non-deductible expenses	0.71%	42,901	0.90%	54,660
Non taxable income	-23.65%	(1,428,962)	-22.71%	(1,383,276)
Tertiary Education tax	2.00%	120,849	2.00%	121,827
Impact of NITDA Levy	0.99%	59,868	1.01%	61,301
Excess Dividend Tax	8.84%	534,070	9.78%	595,682
Changes in estimates relate to prior years	0.00%	-	-0.14%	(8,583)
Police trust fund	0.00%	299	0.00%	-
	18.90%	**1,141,755**	**20.83%**	**1,269,014**

The Company

in thousands of Naira	31 December 2019 Tax rate	31 December 2019 Amount	31 December 2018 Tax rate	31 December 2018 Amount
Profit before tax		5,986,837		6,109,749
Income tax using the domestic corporation tax rate	30.00%	1,796,051	30.00%	1,832,925
Non-deductible expenses	0.72%	42,901	0.89%	54,660
Non taxable income	-23.57%	(1,411,171)	-22.74%	(1,389,166)
Tertiary Education tax	2.00%	119,737	2.00%	122,195
Impact of NITDA Levy	1.00%	59,868	1.00%	61,301
Excess Dividend Tax	8.92%	534,070	9.75%	595,682
Changes in estimates relate to prior years	0.00%	-	-0.14%	(8,583)
Police trust fund	0.00%	299	0.00%	-
	19.07%	**1,141,755**	**20.77%**	**1,269,014**

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

13(b) **Deferred tax (liabilities)/ assets:**

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

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Property and equipment, and software	(64,453)	(64,453)	(70,953)	(70,953)
Trade receivables	34,967	34,967	22,702	22,702
Defined benefit plan	47,662	47,662	34,848	34,848
Trade receivables	(24,558)	(24,558)	-	-
Actuarial gain/(loss)	(365)	(365)	-	-
	(6,747)	(6,747)	(13,403)	(13,403)

Movement in deferred tax balances:

In thousands of Naira	Balance, beginning of year	Recognised in Profit or loss	Recognised in OCI	Balance, end of year	Deferred tax asset/(liabilities)
31 December 2019					
Property and equipment	(70,953)	6,500	-	(64,453)	(64,453)
Trade receivables	22,702	12,265	-	34,967	34,967
Defined benefit plan	34,848	12,814	-	47,662	47,662
Trade receivables	-	(24,558)	-	(24,558)	(24,558)
Actuarial gain/(loss)	-	-	(365)	(365)	
Tax assets/(liabilities)	**(13,403)**	**7,021**	**(365)**	**(6,747)**	**(6,382)**

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

13(c) **Current Tax Liabilities**

In thousands of Naira	Group 31-Dec 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Balance, beginning of year	652,577	652,577	582,765	582,765
Charge for the year (see note 13(a) above)	1,148,775	1,148,775	1,217,313	1,217,313
Payments during the year	(1,112,460)	(1,112,460)	(1,147,501)	(1,147,501)
Withholding tax credit utilised during the year	(36,638)	(36,638)	-	-
Balance, end of period	**652,254**	**652,254**	**652,577**	**652,577**

13(d) **Income tax expense recognised in OCI**

In thousands of Naira	Before tax 31 December 2019	Tax (expense)/ benefit 31 December 2019	Net of tax 31 December 2019
Remeasurement of defined benefit liability	1,216	(365)	851

14 **Basic/Diluted earnings per share**

The calculation of basic/diluted earnings per share at 31 December 2019 was based on the profit attributable to ordinary shareholders of N4.9 billion for the Group and N4.85 billion for the Company (31 December 2018: N4.82 billion for the Group and N4.84 billion for the Company) and an average number of ordinary shares outstanding of 5,000,000,000 (31 December 2018: 5,000,000,000).

In thousands of Naira	Group 31-Dec 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Profit attributable to ordinary shareholders	4,900,679	4,845,082	4,822,330	4,840,735
In thousands of unit				
Weighted average number of ordinary shares (basic/diluted)	5,000,000	5,000,000	5,000,000	5,000,000
Earnings per share (basic/diluted)- Kobo	98k	97k	96k	97k

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

15 Property and equipment
The Group

In thousands of Naira	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Leasehold Improvement	Building Right-of-use asset	Work-in-progress	Total
Cost								
Balance at 1 January 2018	264,080	131,534	156,812	913,808	75,469	-	-	1,541,703
Additions	160,324	19,658	212	51,089	-	-	156,030	387,313
Disposals	(91,935)	(14,693)	(37,866)	(57,287)	-	-	-	(201,781)
Balance at 31 December 2018	**332,469**	**136,499**	**119,158**	**907,610**	**75,469**	-	**156,030**	**1,727,235**
Balance at 1 January 2019	332,469	136,499	119,158	907,610	75,469	-	156,030	1,727,235
Recognition of right-of-use asset on initial application of IFRS 16	-	-	-	-	-	356,287	-	356,287
Adjusted balance at 1 January 2019	332,469	136,499	119,158	907,610	75,469	356,287	156,030	2,083,522
Additions	-	1,588	5,786	33,528	-		303,835	344,737
Reclassification from WIP	45,355	-	-	-	-		(45,355)	-
Disposals/Transfers	(22,900)	(260)	(3,105)	(26)	-	-	(10,856)	(37,147)
Balance as at 31 December 2019	**354,924**	**137,827**	**121,839**	**941,112**	**75,469**	**356,287**	**403,654**	**2,391,112**
Accumulated depreciation								
At 1 January 2018	142,316	102,619	98,470	770,930	60,617	-	-	1,174,952
Depreciation for the year	53,302	6,827	16,529	50,872	10,661	-	-	138,191
Disposals	(77,831)	(13,536)	(34,180)	(55,936)	-	-	-	(181,483)
Balance at 31 December 2018	**117,787**	**95,910**	**80,819**	**765,866**	**71,278**	-	-	**1,131,660**
At 1 January 2019	117,787	95,910	80,819	765,866	71,278	-	-	1,131,660
Depreciation for the year	64,734	7,893	14,642	57,671	3,548	53,734	-	202,222
Disposals	(22,900)	(249)	(3,105)	(26)	-	-	-	(26,280)
Balance as at 31 December 2019	**159,621**	**103,554**	**92,356**	**823,511**	**74,826**	**53,734**	-	**1,307,602**
Carrying amount as at 31 December 2018	**214,682**	**40,589**	**38,339**	**141,744**	**4,191**	-	**156,030**	**595,575**
Carrying amount as at 31 December 2019	**195,303**	**34,273**	**29,483**	**117,601**	**643**	**302,553**	**403,654**	**1,083,510**

(a) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2018: Nil)
(b) There is a capital commitment of N89.3m for office retrofit as at 31 December 2019
(c) All items of property and equipment are non-current.
(d) There were no impairment losses on any class of property and equipment during the year. (2018: Nil)
(e) There were no items of property and equipment pledged as security for borrowings as at 31 December 2019. (2018: Nil)
(f) Other WIP items are amount N278.6m for office retrofit expense, N96.5m paid for Motor Vehicle yet to be delivered, partially paid office equipment of N14.8m and N13.6m ongoing project.

The Company

In thousands of Naira	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Leasehold Improvement	Building Right-of-use asset	Work-in-progress	Total
Cost								
Balance at 1 January 2018	264,080	131,534	156,812	913,808	75,469	-	-	1,541,703
Additions	160,324	19,658	212	51,089	-	-	156,030	387,313
Disposals	(91,935)	(14,693)	(37,866)	(57,287)	-	-	-	(201,781)
Balance at 31 December 2018	**332,469**	**136,499**	**119,158**	**907,610**	**75,469**	**-**	**156,030**	**1,727,235**
Balance at 1 January 2019	332,469	136,499	119,158	907,610	75,469	-	156,030	1,727,235
Recognition of right-of-use asset on initial application of IFRS 16	-	-	-	-	-	356,287	-	356,287
Adjusted balance at 1 January 2019	332,469	136,499	119,158	907,610	75,469	356,287	156,030	2,083,522
Additions	-	1,588	5,786	33,528	-		303,835	344,737
Reclassification from WIP	45,355	-	-		-	-	(45,355)	-
Disposals/Transfers	(22,900)	(260)	(3,105)	(26)	-	-	(10,856)	(37,147)
Balance as at 31 December 2019	**354,924**	**137,827**	**121,839**	**941,112**	**75,469**	**356,287**	**403,654**	**2,391,112**
Accumulated depreciation								
At 1 January 2018	142,316	102,619	98,470	770,930	60,617	-	-	1,174,952
Depreciation for the year	53,302	6,827	16,529	50,872	10,661	-	-	138,191
Disposals	(77,831)	(13,536)	(34,180)	(55,936)	-	-	-	(181,483)
Balance at 31 December 2018	**117,787**	**95,910**	**80,819**	**765,866**	**71,278**	**-**	**-**	**1,131,660**
At 1 January 2019	117,787	95,910	80,819	765,866	71,278	-	-	1,131,660
Depreciation for the year	64,734	7,893	14,642	57,671	3,548	53,734	-	202,222
Disposals	(22,900)	(249)	(3,105)	(26)	-	-	-	(26,280)
Balance as at 31 December 2019	**159,621**	**103,554**	**92,356**	**823,511**	**74,826**	**53,734**	**-**	**1,307,602**
Carrying amount as at 31 December 2018	**214,682**	**40,589**	**38,339**	**141,744**	**4,191**	**-**	**156,030**	**595,575**
Carrying amount as at 31 December 2019	**195,303**	**34,273**	**29,483**	**117,601**	**643**	**302,553**	**403,654**	**1,083,510**

(a) There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (2018: Nil)
(b) There is a capital commitment of N279m for office retrofit as at 31 December 2019
('c) All items of property and equipment are non-current.
(d) There were no impairment losses o any class of property and equipment during the year. (2018: Nil)
(e) There were no items of property and equipment pledged as security for borrowings as at 31 December 2019. (2018: Nil)
(f) Other WIP items are amount (N96.5m) paid for Motor Vehicle yet to be delivered, partially paid office equipment of N14.8m and N13.6m ongoing project.

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

16 Intangible assets
The Group

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

In thousands of Naira	Software	Software under development	Total
Cost:			
Balance as at 1 January 2019	3,569,064	15,698	3,584,762
Additions during the year	25,499	16,056	41,555
Reclassification during the year	24,246	(24,246)	-
Balance as at 31 December 2019	**3,618,809**	**7,508**	**3,626,317**
Accumulated Amortisation:			
Balance as at 1 January 2018	2,150,108	-	2,150,108
Amortisation charge for the year	345,053	-	345,053
Disposals	-	-	-
Balance as at 31 December 2018	**2,495,161**	-	**2,495,161**
Accumulated Amortisation:			
Balance as at 1 January 2019	2,495,161	-	2,495,161
Amortisation charge for the year	345,685	-	345,685
Balance as at 31 December 2019	**2,840,846**	-	**2,840,846**
Carrying amount:			
At 31 December 2018	**1,073,903**	**15,698**	**1,089,601**
At 31 December 2019	**777,963**	**7,508**	**785,471**

The Company

In thousands of Naira	Software	Software under development	Total
Cost:			
Balance at 1 January 2018	3,542,796	18,398	3,561,194
Additions	23,568	-	23,568
Reclassification during the year	2,700	(2,700)	-
Balance as at 31 December 2018	**3,569,064**	**15,698**	**3,584,762**
Balance as at 1 January 2019	3,569,064	15,698	3,584,762
Additions during the year	25,499	16,056	41,555
Reclassification during the year	24,246	(24,246)	-
Balance as at 31 December 2019	**3,618,809**	**7,508**	**3,626,317**
Accumulated Amortisation:			
Balance as at 1 January 2018	2,150,108	-	2,150,108
Amortisation charge for the year	345,053	-	345,053
Disposals	-	-	-
Balance as at 31 December 2018	**2,495,161**	-	**2,495,161**
Balance as at 1 January 2019	2,495,161	-	2,495,161
Amortisation charge for the year	345,685	-	345,685
Balance as at 31 December 2019	**2,840,846**	-	**2,840,846**
Carrying amount:			
At 31 December 2018	**1,073,903**	**15,698**	**1,089,601**
At 31 December 2019	**777,963**	**7,508**	**785,471**

(a) There were no capitalised borrowing costs related to the acquisition of the intangible assets during the year. (2018: Nil)
(b) All intangible assets are non current.
(c,) All intangible assets have a finite useful life and are amortized over the useful life of the assets.
(d) No leased assets are included in the above intangible assets accounts. (2018: Nil)
('e) The company has no capital commitment as at year end (2018: Nil)
(f) No intangible assets was impaired as at 31 December 2019 (2018: Nil)
(g) The core software, TCs Bancs' carrying amount as at the end of the year is N641.3m and the remaining amortization period is three (3) years.

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

17 Investment Securities
Investments can be analysed as follows:

17(a) Non-current investment securities

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Federal Government bonds	19,362,103	19,362,103	20,528,558	20,528,558
Corporate bonds	129,414	129,414	176,613	176,613
State Government bonds	2,419,355	2,419,355	2,939,554	2,939,554
Equity Investments	50,100	50,100	-	-
Total non-current investment securities	**21,960,972**	**21,960,972**	**23,644,726**	**23,644,726**

at Amortised Cost

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Federal Government bonds	19,144,992	19,144,992	19,796,286	19,796,286
State Government bonds	2,302,012	2,302,012	2,523,247	2,523,247
Total Amortised Cost Investment Securities	**21,447,004**	**21,447,004**	**22,319,533**	**22,319,533**

at Fair Value through Other Comprehensive Income (FVOCI)

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Federal Government bonds	217,111	217,111	732,273	732,273
Corporate bonds	129,414	129,414	176,613	176,613
State Government bonds	117,343	117,343	416,307	416,307
Total Fair Value through Other Comprehensive Income Investment Securities	**463,868**	**463,868**	**1,325,193**	**1,325,193**

Equity Investment

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
NSE Nominees Limited	100	100	-	-
Lagos Commodity Futures & Exchange	50,000	50,000	-	-
Total Fair Value through Other Comprehensive Income Equity Investment	**50,100**	**50,100**	-	-
Total non-current investment securities	**21,960,972**	**21,960,972**	**23,644,726**	**23,644,726**

17(b) Current investment securities

In thousands of Naira	Group 31 December 2019 FVOCI	Company 31 December 2019 FVOCI	Group 31 December 2018 FVOCI	Company 31 December 2018 FVOCI
Treasury Bills	5,005,511	5,005,511	5,879,813	5,879,813
Total current investment securities	**5,005,511**	**5,005,511**	**5,879,813**	**5,879,813**

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

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Treasury Bills				
Fair Value	6,194,814	6,194,814	5,879,813	5,879,813
Amortized cost	5,941,630	5,941,630	5,899,529	5,899,529
Fair Value (Loss)/Gain - See note 25(c)	**253,184**	**253,184**	**(19,716)**	**(19,716)**
Federal Government Bond				
Fair Value	217,111	217,111	732,273	732,273
Amortized cost	190,864	190,864	709,488	709,488
Fair Value Gain/(Loss)	**26,247**	**26,247**	**(22,786)**	**(22,786)**
Corporate Bond				
Fair Value	129,414	129,414	176,613	176,613
Amortized cost	130,626	130,626	171,083	171,083
Fair Value Gain/(Loss)	**(1,212)**	**(1,212)**	**5,530**	**5,530**
State Government Bond				
Fair Value	117,343	117,343	416,307	416,307
Amortized cost	108,944	108,944	385,884	385,884
Fair Value Gain/(Loss)	**8,399**	**8,399**	**30,423**	**30,423**
Total fair value Gain/ (Loss) on Bonds -See note 25 (c)	33,434	33,434	13,167	13,167

At the reporting date, all investments booked as FVOCI were marked to market and the change in fair value reported through OCI.

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

18(a) Trade receivables

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Trade receivables (See note (i) below)	293,602	293,602	177,956	177,956
Allowance for doubtful trade receivables (See note 18(b) below)	(116,559)	(116,559)	(75,677)	(75,677)
Net Carrying amount	**177,043**	**177,043**	**102,279**	**102,279**
Current Assets	177,043	177,043	102,279	102,279

18(b) Impairment allowance on trade receivables

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Balance, beginning of year	75,799	75,799	120,921	120,921
IFRS 9 Transition adjustment	-	-	(55,688)	(55,688)
Charge during the year	40,760	40,760	10,444	10,444
Allowances no longer required	-	-	-	-
Net (reversal)/charge for the year	**40,760**	**40,760**	**10,444**	**10,444**
Write offs	-	-	-	-
Balance, end of year	**116,559**	**116,559**	**75,677**	**75,677**

19(a) Other assets

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Financial assets				
Ex-Staff Debtors	2,243	2,243	1,827	1,827
Amount due from NG Clearing Ltd	-	-	44,991	44,991
Other receivables	76,830	76,830	109,807	109,807
Gross financial assets	**79,073**	**79,073**	**156,625**	**156,625**
Impairment allowance on other assets (see note 19(b) below)	(68,400)	(68,400)	(68,400)	(68,400)
Net financial assets	**10,673**	**10,673**	**88,225**	**88,225**
Non-financial assets				
Withholding tax recoverable	32,784	32,784	6,763	6,763
Stock Account	283	283	281	281
Prepayment	129,412	129,412	220,062	207,728
Sundry stock	8,725	8,725	9,049	9,049
Total non-financial assets	**171,204**	**171,204**	**236,155**	**223,821**
Total other assets	**181,877**	**181,877**	**324,380**	**312,046**

Current/non current classification to be included for other assets

19(b) Impairment allowance on other assets

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Balance, beginning of year	68,400	68,400	-	-
Charge during the year	-	-	68,400	68,400
Balance, end of year	**68,400**	**68,400**	**68,400**	**68,400**

20 Impairment loss/(reversal) on financial assets

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Impairment (reversal)/loss on trade receivables (Note 18(b))	40,760	40,760	10,444	10,444
Impairment reversal on investment securities	8,801	8,801	(137,256)	(137,256)
	49,561	**49,561**	**(126,812)**	**(126,812)**

21 Cash and cash equivalents

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Cash at hand	865	865	7,720	7,720
Balances with banks	5,501,373	5,501,318	3,000,946	3,000,891
Fixed deposits	5	5	320,289	320,289
Treasury bills with original maturity period of 90 days or less	1,189,302	1,189,302	297,913	297,913
Carrying amount	**6,691,545**	**6,691,490**	**3,626,868**	**3,626,813**
Current Assets	6,691,545	6,691,490	3,626,868	3,626,813

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

22 Intercompany receivables

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Intercompany receivables (See note a)	-	34,511	-	34,511
Carrying amount	-	**34,511**	-	**34,511**
Non-current Assets	-	**34,511**	-	**34,511**

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

23 Equity-accounted investee

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Investment in Associate - NG Clearing Limited (See note 23(a) below)	591,357	670,500	1,762	62,500
Additional investment during the year	66,187	66,187	608,000	608,000
Share of profit/(loss) from associate (b)	67,931	-	(18,405)	-
Carrying amount	**725,475**	**736,687**	**591,357**	**670,500**
Non-current Assets	**725,475**	**736,687**	**591,357**	**670,500**

(a) **Investment in Associate - NG Clearing Limited**

NG Clearing Limited is an associate company in which the Company has 22.6% ownership interest (2018: 22.6%). It is principally established to operate clearing house(s) for the clearance and settlement of transactions in financial securities and derivatives contracts. The Company was incorporated in the year 2016 and has not commenced operations.

Total amount recognised in profit or loss is as follows *In thousands of Naira*	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Share of profit/(loss) from NG Clearing Limited	67,931	-	(18,405)	-
Carrying amount	**67,931**	-	**(18,405)**	-

(b) **Share of profit/(loss) from associate**

In thousands of Naira	31 December 2019	31 December 2018
Percentage ownership interest	**22.6%**	**22.6%**
Current assets	3,543,613	3,236,944
Non-current assets	24,287	257
Current liabilities	(546,775)	(226,475)
Non-current liabilities	-	-
Net Asset (100%)	**3,021,125**	**3,010,726**
Group's share of net asset	682,774	591,357
Carrying Amount of interest in associate	**682,774**	**591,357**
Revenue	380,597	-
Total Expense	(80,017)	-
Profit/(loss) from continuing operations	300,580	(81,438)
Group's share of accumulated profit/(loss)	**67,931**	**(18,405)**

Reconciliation of opening and closing net assets of associate company

Opening balance (1 January 2019)	**3,010,726**
Impact of 2018 audit adjustments on associate	**(422,556)**
Adjusted net assets of equity	**2,588,170**
Profit of associate for the year	**300,580**
Equity transaction with shareholders recognised directly in retained earnings	**132,375**
	3,021,125

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

24 Investment in subsidiary

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Insurance Repository Nigeria Limited	-	10,000	-	10,000
Carrying amount	-	**10,000**	-	**10,000**

The Company has a 99.9% holding in Insurance Repository Nigeria Limited. Insurance Repository Nigeria Limited was incorporated in Nigeria and was yet to commence operations as at 31 December 2019. Its principal objective is to enhance the record keeping of insurance data and policies.

25 Capital and reserves

25(a) Share Capital

Share capital - Authorised

In thousands of unit	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
5,000,000,000 ordinary shares of N1 each	5,000,000	5,000,000	5,000,000	5,000,000
Share capital - in issue at 31 December - fully paid				
Ordinary shares in issue and fully paid at 1 January	5,000,000	5,000,000	5,000,000	5,000,000

25(b) Retained earnings

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

25(c) Fair value reserves

The fair value reserves comprises the cumulative net change in the fair value of debt securities designated at FVOCI until the assets are derecognized or reclassified.

This amount is reduced by the amount of loss allowance.

Analysis of fair value reserves are as follows:

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Opening fair value reserves (loss)	22,709	22,709	153,529	153,529
Debt Instruments at FVOCI -Reclassified to amortized cost (See note (i) below)	-	-	(12,090)	(12,090)
ECL on FVOCI at start of year	-	-	(103,277)	(103,277)
Adjustment on initial recognition of IFRS 9	22,709	22,709	38,162	38,162
Fair value (gain)/loss on FVOCI treasury bills -See note 17(c)	(253,184)	(253,184)	19,716	19,716
Fair value (gain)/ loss on FVOCI bonds- See note 17(c)	(33,434)	(33,434)	(13,168)	(13,168)
Reversal of prior year fair value gains on derecognition of FVOCI assets	(59,436)	(59,436)	(115,867)	(115,867)
ECL on FVOCI (see note (i) below)	6,315	6,315	93,865	93,865
Debt Instruments at FVOCI- net change in fair value	(339,739)	(339,739)	(15,453)	(15,453)
Closing Fair value reserves	**(317,029)**	**(317,029)**	**22,709**	**22,709**

i) This represents ECL adjustments on FVOCI financial assets as at year end.

25(d) Actuarial reserves

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Statement of other comprehensive income:				
Actuarial gains and (losses) arising from changes in financial assumptions and	1,216	1,216	-	-
Total	**1,216**	**1,216**	-	-

25(e) Dividend

The Company has proposed a final dividend of 86 kobo per share from the retained earnings account as at 31 December 2019, pending the approval of the shareholders at the 2019 Annual General Meeting.

The following dividends were declared and paid by the Company:

In thousands of Naira	Per share 31 December 2019 Kobo	Company 31 December 2019 N'000	Group 31 December 2018 Kobo	Company 31 December 2018 N'000
Dividend	86	4,300,000,000	70	3,500,000,000

This represents the dividend proposed for the preceding year but paid in the current year.

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

26 Intercompany payables

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Insurance Repository Nigeria Limited (See note (a) below)	-	10,000	-	10,000
Carrying amount	-	**10,000**	-	**10,000**

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

27 Payables and accruals

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Financial liabilities				
Sundry creditors	124,649	124,649	137,260	137,260
Accruals	101,489	101,489	249,612	249,612
Audit fees	17,465	17,465	18,585	18,585
Total other financial liabilities	**243,603**	**243,603**	**405,457**	**405,457**
Non-financial liabilities				
National Housing Fund	681	681	676	676
Nigeria Social Insurance Trust Fund	2,601	2,601	-	-
Staff pension fund	3,751	3,751	3,772	3,772
Staff productivity bonus	315,108	315,108	407,211	407,211
Contract liability	161,624	161,624	55,757	55,757
Total other non-financial liabilities	**483,765**	**483,765**	**467,416**	**467,416**
Total payables and accruals	**727,368**	**727,368**	**872,873**	**872,873**

28 Other liabilities

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Financial liabilities				
Unclaimed Dividends (see note (i))	133,364	133,364	63,926	63,926
Depository fee Suspense	29,185	29,185	28,943	28,943
Deposit for Repo	-	-	2,633,534	2,633,534
CSCS Individual Divestment	1,290	1,290	1,290	1,290
CSCS Share Buy-Back	111,800	111,800	32,901	32,901
Exchange Traded Fund Distribution Accounts	10,587	10,587	11,658	11,658
Amount due to Adonai Net	7,692	7,692	7,692	7,692
Amount due to Investment & Securities Tribunal (see note (ii))	98,293	98,293	89,751	89,751
CSCS Stamp Duty Account	1,335,522	1,335,522	-	-
Lease Liability	318,245	318,245	-	-
CSCS FGN Green Bond	15,558	15,558	-	-
Long Term Incentive Scheme (see note 29)	-	-	116,158	116,158
Managed funds	232	232	332	332
	2,061,768	**2,061,768**	**2,986,185**	**2,986,185**
Indirect Tax				
PAYE liability	76,294	76,294	94,884	94,884
Withholding tax liability	16,376	16,376	16,788	16,788
Value Added Tax liability	87,500	87,500	53,073	53,073
Indirect Tax	**180,170**	**180,170**	**164,745**	**164,745**
	2,241,938	**2,241,938**	**3,150,930**	**3,150,930**

(i) The balance of the unclaimed dividend is fixed with Fidelity Bank Plc and a total of N13.2 million was earned as interest income on amount during the peric
(ii) In October 2014, the Ministry of Finance directed that CSCS (including NSE and SEC) should contribute 10% of its transaction fees on trades executed on The Nigerian Stock Exchange to Investment and Securities Tribunal. The balance represents amount due for the last quarter of year.

29 Pension plan and other employment benefits

29.1 Defined contribution plan

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

The total expense recognized in profit or loss was N73.48 million for the Group and N73.48 million for the Company (2018: N67.42 million for the Group and N67.42 million for the Company) represent contributions payable to these plans by the Group and Company at the rates specified in accordance with the Pension Reform Act 2014 (amended).

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

29.2 Long Term Incentive Scheme

The Managing Director is entitled to a defined benefit (as approved by the Board) upon his exit and the expiration of his employment with the Group. The defined benefit shall be 33% of his annual benefit which shall be provided and reported in the Group's yearly financial account. As at 31 December 2019, the amount provided is N77 million.

The sum of the outstanding long- term severance benefit scheme and the terminal benefit provided for is N77million and this has been included in Other

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

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

The long term incentive scheme liability is made up of:

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Opening balance	116,158	116,158		
Payment during the year	(81,859)	(81,859)		
Gratuity (Terminated)	-	-	81,859	81,859
Addition in profit or loss during the year	43,929	43,929	34,299	34,299
Addition in other comprehensive income during the year	(1,216)	(1,216)		
Total defined benefits	**77,012**	**77,012**	**116,158**	**116,158**

In thousands of Naira	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
Statement of profit or loss:				
Current service cost	35,516	35,516	34,299	34,299
Interest Cost	8,413	8,413	-	-
Settlement loss on DBO	-	-	-	-
Total	**43,929**	**43,929**	**34,299**	**34,299**
Statement of other comprehensive income:				
Change in Economic Assumptions: Actuarial (Gain)/Loss -Salary Growth rate	10,655	10,655	-	-
Actuarial (Gain)/Loss- Economic experience	(9,439)	(9,439)	-	-
Total	**1,216**	**1,216**	-	-
Deferred tax impact	**(365)**	(365)	-	-
Total in other comprehensive income	**851**	**851**	-	-

(ii) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Group 31 December 2019	Company 31 December 2019
Future salary growth	2.52%	2.52%
Interest rate	14.50%	14.50%

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below.

	31 December 2019		
In thousands of naira	Defined benefit obligation	+1%	-1%
Interest rate (movement)	162,570	164,660	160,500
Salary increase rate (movement)	162,570	162,640	162,490

30 Events after the reporting date

There are no events after the reporting date events that could have had a material effect on the financial position and performance of the Group and Company as at 31 December 2019 which have not been adequately provided for or disclosed.

31 Contingent liabilities

There are pending litigations against the Company some of which the Company is only a nominal party. Contingent liability as at 31 December 2019 stood at N3,347,005,190.71 (31 December 2018: N2,509,592,928.50). However, the directors are of the opinion that the various suits will not succeed against the Company.

32 Capital commitments

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

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

33 Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures, as well as key management

Associate

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

			Transaction values		Balance outstanding	
			31 December	31 December	31 December	31 December
In thousands of Naira			2019	2018	2019	2018
Name of company / Individual	Transaction type	Secured/Unsecur	Amount	Amount	Amount	Amount
The Nigerian Stock Exchange	Rent	Unsecured	52,449	70,742	1,172	1,226
The Nigerian Stock Exchange	Payment of dividend	Not applicable	953,476	858,129	-	-
			1,005,925	**928,871**	**1,172**	**1,226**

Transactions with key management personnel

The Company's key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes the close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by those individuals in their dealings with the Group.

Key management personnel compensation

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

Key management personnel compensation comprise:	31 December	31 December
In thousands of Naira	2019	2018
Executive compensation	13,333	13,333
Directors sitting allowances	36,500	49,420
Directors allowances	67,600	83,163
	117,433	**145,916**

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

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

Key management personnel and director transactions

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

Income

Included in income is an amount of N103.2 million (31 December 2018: N187.2 million) representing depository fees, eligibility fees, settlement participation fees and website subscription fees earned by CSCS from companies in which certain Directors have interests. The details of the income as well as the balances outstanding in receivables as at 31 December 2019 were as follows:

In thousands of Naira

Name of company / Individual	Name of Directors related to the companies	Relationship	Position	Transaction type	Amount	Outstanding balance in trade receivables as at 31 December 2019
Uba Plc	Uche Ike	Director	Deputy MD	Depository fee	29,518	-
Access Bank	Roosevelt Ogbonna	Director	Deputy MD	Depository fee	21,687	-
Solid-Rock Securities & Investment Plc	Patrick Ezeagu	Director	MD/CEO	Eligibility Fee	26	-
Magnartis Finance & Investment Ltd	Oluwaseyi Abe	Director	MD/CEO	Eligibility Fee	26	-
Access Bank	Roosevelt Ogbonna	Director	Deputy MD	LEI Subscription	13	-
Solid-Rock Securities & Investment Plc	Patrick Ezeagu	Director	MD/CEO	LEI Subscription	13	-
Magnartis Finance & Investment Ltd	Oluwaseyi Abe	Director	MD/CEO	LEI Subscription	13	-
Uba Plc	Uche Ike	Director	Deputy MD	LEI Subscription	13	-
Access Bank	Roosevelt Ogbonna	Director	Deputy MD	Lien Placement	21,687	-
Uba Plc	Uche Ike	Director	Deputy MD	Lien Placement	27,650	-
Access Bank	Roosevelt Ogbonna	Director	Deputy MD	OTC Transactions	331	-
Access Bank	Roosevelt Ogbonna	Director	Deputy MD	Settlement Bank Part Fees	1,000	-
Uba Plc	Uche Ike	Director	MD	Settlement Bank Part Fees	1,000	-
Verod Capital Ltd	Eric Idiahi	Director	Non Executive Director	Document Management Services	255	-
					103,232	-

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

In thousands of Naira

Name of company / Individual	Name of Directors related to the companies	Relationship	Transaction type	Amount	Outstanding balance in trade receivables as at 31 December 2018
Compass Securities Ltd	Emeka Chimezie Madubuike	Director	Eligibility fee	54	-
Capital Assets Ltd	Ariyo Olushekun	Director	Eligibility fee	54	-
AXA Mansard Plc	Olusola Adeeyo	Director	Depository fee	2,660	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	Depository fee	4,560	434
Nigerian Breweries	Ifueko Omoigui Okauru	Independent Director	Depository fee	101,081	-
Seplat Petroleum Development Company	Ifueko Omoigui Okauru	Independent Director	Depository fee	37,048	-
United Bank of Africa Plc	Uche Ike	Director	Depository fee	36,987	1,868
Capital Assets Ltd	Ariyo Olushekun	Director	LEI Subscription	13	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	LEI Subscription	13	-
Nigerian Breweries	Ifueko Omoigui Okauru	Independent Director	LEI Subscription	13	-
Seplat Petroleum Development Company	Ifueko Omoigui Okauru	Independent Director	LEI Subscription	13	-
Sterling Bank Plc	Mudathir O. Lawal	Director	LEI Subscription	13	-
UBA Plc	Uche Ike	Director	LEI Subscription	13	-
Compass Securities Ltd	Emeka Chimezie Madubuike	Director	LEI Subscription	13	
Access Bank Plc	Roosevelt Ogbonna	Director	Lien Placement	150	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	Lien Placement	109	-
Sterling Bank Plc	Mudathir O. Lawal	Director	Lien Placement	25	-
UBA Plc	Uche Ike	Director	Lien Placement	2	-
Capital Assets Ltd	Ariyo Olushekun	Director	Website Subscription	50	-
Compass Securities Ltd	Emeka Chimezie Madubuike	Director	Website Subscription	50	
Nigerian Breweries	Ifueko Omoigui Okauru	Independent Director	Commercial Paper	250	-
Diamond Bank Plc	Ifueko Omoigui Okauru	Independent Director	Settlement Bank Part Fees	1,000	-
Sterling Bank Plc	Mudathir O. Lawal	Director	Settlement Bank Part Fees	1,000	-
				187,243	**2,302**

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

Prepayments

Included in prepayment is an amount of N27.8 million (31 December 2018: N45.4 million) representing balances on prepaid transport allowances to Directors.

Bank balances

Included in cash and cash equivalent is an amount of N3.115 billion (31 December 2018: N325.7 million) representing current account balances belonging to CSCS with Banks in which certain Directors have interests. The balances as at 31 December 2019 were as follows:

In thousands of Naira

Name of company / Individual	Name of Directors	Relationship	Transaction type	31 December 2019 Amount
Guaranty Trust Bank	Not Applicable	Shareholder	Current account	1,968,754
Guaranty Trust Bank	Not Applicable	Shareholder	Collection account	761
Guaranty Trust Bank	Not Applicable	Shareholder	Settlement Account	47,173
Guaranty Trust Bank	Not Applicable	Shareholder	Call Account	5
Guaranty Trust Bank	Not Applicable	Shareholder	Trade Alert	103
Guaranty Trust Bank	Not Applicable	Shareholder	Trade Alert - VAT	5
Guaranty Trust Bank	Not Applicable	Shareholder	Domiciliary-USD	3,329
Guaranty Trust Bank	Not Applicable	Shareholder	Domiciliary-GBP	4,368
Guaranty Trust Bank	Not Applicable	Shareholder	Domiciliary-EURO	135
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	Current account	2
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	POS Collection account	2,769
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	Dom Fee Collection A/C	500
Access Bank Plc	Roosevelt Ogbonna	Shareholder/Director	LEI	330
Fidelity Bank Plc	Not Applicable	Shareholder/Director	Collection account	12
Fidelity Bank Plc	Not Applicable	Shareholder/Director	Vetiva Griffin Etf	1,588
Fidelity Bank Plc	Not Applicable	Shareholder/Director	Vetiva Banking ETF	331
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Current account	1,083,556
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Collection account	170
United Bank for Africa Plc	Uche Ike	Shareholder/Director	NASD Coll. account	1,133
United Bank for Africa Plc	Uche Ike	Shareholder/Director	NASD Vat Collection AC	241
				3,115,264

In thousands of Naira

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

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

Investments

Included in investment securities is an amount of N6.19 billion as at 31 December 2019 (31 December 2018: N10.71 billion) representing treasury bills, federal government bonds and state government bonds belonging to CSCS and invested with Banks in which certain Directors have interests. The face value of the investments as at 31 December 2019 were as follows:

In thousands of Naira				31 December 2019
Name of company / Individual	Name of Directors	Relationship	Transaction type	Face value
United Bank for Africa Plc	Uche Ike	Shareholder/Director	FGN Bonds	1,299,619
Guaranty Trust Bank	Not Applicable	Shareholder	Treasury Bills	1,375,465
United Bank for Africa Plc	Uche Ike	Shareholder/Director	Treasury Bills	3,510,406
				6,185,490

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

There was no material impact on the Company's basic and diluted earning per share.

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

34 Condensed results of consolidated entity

Condensed results of the consolidated entity as at 31 December 2019, are as follows:

In thousands of naira	Group balance	Intra-group eliminations	The Company	Insurance Repository
Operating income	9,206,140	-	9,206,140	-
Operating expenses	(3,182,076)	-	(3,169,742)	
Impairment reversal	(49,561)	-	(49,561)	-
Fair value loss on investment securities				
Operating surplus before tax	5,974,503	-	5,986,837	-
Share of gain of equity accounted investees	67,931	67,931	-	-
Tax expense	(1,141,755)	-	(1,141,755)	-
Operating surplus after tax	4,900,679	67,931	4,845,082	-

Condensed financial position

In thousands of naira	Group balance	Intra-group eliminations	The Company	
Total Non-Current Assets	24,555,428	(105,249)	24,611,151	-
Total Current Assets	12,055,976	(10,000)	12,055,921	22,388
Total assets	36,611,404	(115,249)	36,667,072	22,388
Total Equity	32,906,083	(33,545)	32,951,751	(12,122)
Total non current liabilities	83,760		83,760	
Total current liabilities	3,621,560	(44,511)	3,631,560	34,511
Total liabilities	3,705,320	(44,511)	3,715,320	34,511
Total equity and liabilities	36,611,403	(78,056)	36,667,071	22,388

35 Cash flow workings *In thousands of naira*	Notes	Group 31 December 2019	Company 31 December 2019	Group 31 December 2018	Company 31 December 2018
(i) Changes in intercompany receivables					
Opening balance		-	34,511	-	34,511
Closing balance	22	-	(34,511)	-	(34,511)
Change during the year		-	-		-
(ii) Changes in trade receivables					
Opening balance	18(a)	102,279	102,279	15,550	15,550
Impairment reversal/(charge)	20	(40,760)	(40,760)	(10,444)	(10,444)
Closing balance	18(a)	(177,043)	(177,043)	(102,279)	(102,279)
Change during the year		(115,524)	(115,524)	(97,173)	(97,173)
(iii) Changes in other assets					
Opening balance	19(a)	324,380	312,046	952,905	940,571
Impairment reversal/(charge)	20	-	-	-	-
Closing balance	19(a)	(181,877)	(181,877)	(324,380)	(312,046)
Change during the year		142,503	130,169	628,525	628,525
(iv) Changes in payables and accruals					
Opening balance	27	872,873	872,873	804,293	804,293
Closing balance	27	(727,368)	(727,368)	(872,873)	(872,873)
Change during the year		145,505	145,505	(68,580)	(68,580)
(v) Changes in other liabilities					
Opening balance	28	3,150,930	3,150,930	679,892	679,892
Net write back of provision for productivity bonus		-	-		
Lease payment during the year		(41,350)	(41,350)	-	-
Closing balance	28	(2,241,938)	(2,241,938)	(3,150,930)	(3,150,930)
Change during the year		867,642	867,642	(2,471,038)	(2,471,038)

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

(vi) Changes in intercompany payable					
Opening balance	26	10,000	10,000	10,000	10,000
Closing balance	26	-	(10,000)	-	(10,000)
Change during the year		10,000	-	10,000	-
(vii) Proceeds from disposal of property and equipment					
Cost of property and equipment disposed	15	37,155	37,155	201,789	201,789
Accumulated depreciation	15	(26,280)	(26,280)	(181,483)	(181,483)
Profit on disposal of property and equipment	11	4,263	4,263	11,366	11,366
Proceeds during the year		15,138	15,138	31,672	31,672
(viii) Net changes in investment securities -treasury bills					
Balance, beginning of the year	17(b)	5,879,813	5,879,813	5,418,936	5,418,936
Fair value profit/(loss)		256,000	256,000	-	-
Balance, end of the year	17(b)	(5,005,511)	(5,005,511)	(5,879,813)	(5,879,813)
Change during the year		1,130,302	1,130,302	(460,877)	(460,877)
(ix) Net changes in investment securities - bonds					
Balance, beginning of the year	17(a)	23,644,726	23,644,726	21,753,586	21,753,586
Interest receivable		-	-	44,410	44,410
Fair value profit/(loss)		11,482	11,482	(96,506)	(96,506)
Balance, end of the year	17(a)	(21,960,972)	(21,960,972)	(23,644,726)	(23,644,726)
Change during the year		1,695,236	1,695,236	(1,943,236)	(1,943,236)
(x) Interest received					
Balance, beginning of the year		44,410	44,410	44,417	44,417
Interest income	10	4,612,237	4,612,237	4,217,582	4,217,582
Interest receivable on fixed deposits		-	-	(11,164)	(11,164)
Interest receivable on bonds		-	-	(44,410)	(44,410)
Interest received for the year		4,656,647	4,656,647	4,206,425	4,206,425
(xi) Dividend paid					
Balance, beginning of the year	28	63,926	63,926	55,090	55,090
Additional dividend during the year		3,500,000	3,500,000	3,500,000	3,500,000
Balance, end of year	28	(133,364)	(133,364)	(63,926)	(63,926)
Net dividend paid during the year		3,430,562	3,430,562	3,491,164	3,491,164

During the year, dividend of N0.86 was approved and paid to shareholders on 2018 profits

(xii) Purchase of PPE					
Balance, beginning of the year	0	595,575	595,575	366,751	366,751
Disposal: Cost		(37,155)	(37,155)	(201,789)	(201,789)
Disposal: Accumulated depreciation		26,280	26,280	181,483	181,483
Depreciation during the year		(202,222)	(202,222)	(138,191)	(138,191)
Additions: cash purchase	0	701,032	701,032	387,321	387,321
Closing carrying value		(1,083,510)	(1,083,510)	(595,575)	(595,575)

36 Change in presentation

Certain comparative amounts and disclosures in the statement of income and expenditure and statement of financial position have been re-presented in order to ensure inter-period comparability of financial information in order to assist users of the financial statements.

Group

In thousands of naira	Notes	Previously Reported Dec-18	Reclassification	Re-presented Dec-18
Revenue (see note 36 (a) below)	9	4,604,629	247,677	4,852,306
Investment income		4,217,582	-	4,217,582
Other income (see note 36 (a) below)	11	259,874	(247,677)	12,197
Total operating income		9,082,085	-	9,082,085
Personnel expenses		(1,268,079)	-	(1,268,079)
Other operating expenses		(1,347,825)	-	(1,347,825)
Depreciation and amortisation		(483,244)	-	(483,244)
Impairment reversal/(loss) on financial assets		126,812	-	126,812
Adjustment on initial recognition of IFRS 9		(2,972,336)	-	(2,972,336)
Share of loss of equity accounted investee		(18,405)	-	(18,405)
Profit before tax		6,091,344	-	(18,405)
Income tax		(1,269,014)	-	-
Profit after tax		4,822,330	-	(18,405)

Notes to the Consolidated and Separate financial statements
for the year ended 31 December 2019

Company

In thousands of naira	Notes	Previously Reported Dec-18	Reclassification	Re-presented Dec-18
Revenue (see note 36 (a) below)	9	4,604,629	247,677	4,852,306
Investment income		4,217,582	-	4,217,582
Other income (see note 36 (a) below)	11	259,874	(247,677)	12,197
Total operating income		9,082,085	-	9,082,085
Personnel expenses		(1,268,079)	-	(1,268,079)
Other operating expenses		(1,347,825)	-	(1,347,825)
Depreciation and amortisation		(483,244)	-	(483,244)
Impairment reversal/(loss) on financial assets		126,812	-	126,812
Adjustment on initial recognition of IFRS 9		(2,972,336)	-	(2,972,336)
Profit before tax		6,109,749	-	6,109,749
Income tax		(1,269,014)	-	-
Profit after tax		4,840,735	-	6,109,749

36(a) In the current year, the Group presented derived from its non-core activities under revenue in the consolidated and Separate Statements of Profit or Loss and other Comprehensive Income (2018: presented under other income).

Income from non-core activities are from contract with customers and are therefore recognised using relevant guidance of IFRS 15 *Revenue from contract with customers.*

The Group has therefore re-presented revenue from non-core activities from other income to revenue in the current year to enhance inter-period comparability.

Other National Disclosures

Other National Disclosures

Value added statement
For the year ended 31 December 2019

In thousands of Naira	Group 31 December 2019	%	Company 31 December 2019	%
Gross earnings	9,206,140	116	9,206,140	117
Net impairment loss on trade receivables	(49,561)	(1)	(49,561)	(1)
Bought-in-materials and services	(1,249,053)	(16)	(1,304,650)	(17)
Value added	**7,907,526**	**100**	**7,851,929**	**100**
Distribution of Value Added		%		%
To Employees:				
Staff cost	1,317,186	17	1,317,186	17
To government				
Government as taxes	1,141,755	14	1,141,755	15
For future replacement of assets, expansion of business and payment of dividend to shareholders:				
- Depreciation and amortisation	547,906	6	547,906	7
- Dividend to shareholders	3,500,000	44	3,500,000	45
- To augment reserve	1,400,679	19	1,345,082	17
	7,907,526	**100**	**7,851,929**	**101**

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

Other National Disclosures

Financial Summary

The Group

In thousands of Naira	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Assets				
Non current Assets				
Property and equipment	1,083,510	595,575	366,751	575,814
Intangible assets	785,471	1,089,601	1,411,086	613,228
Equity-accounted investee	725,475	591,357	1,762	19,149
Investments securities	21,960,972	23,644,726	21,709,176	19,138,043
Deferred tax asset	-	-	38,298	20,020
Defined benefit plan asset (Net)	-	0	-	248,101
Total non current assets	24,555,428	25,921,260	23,527,073	20,614,355
Current Assets				
Investment securities	5,005,511	5,879,813	5,418,936	5,135,327
Trade receivables	177,043	102,279	15,550	15,522
Other assets	181,877	324,380	952,905	517,047
Cash and cash equivalent	6,691,545	3,626,868	2,004,979	783,088
Total current assets	12,055,976	9,933,340	8,392,370	6,450,984
Total assets	36,611,404	35,854,599	31,919,443	27,065,339
Liabilities				
Current Liabilities				
Payables, provisions and accruals	727,368	872,873	804,293	413,154
Current tax liabilities	652,254	652,577	582,765	286,177
Other liabilities	2,241,938	3,150,930	679,892	282,011
Total current liabilities	3,621,560	4,676,380	2,066,950	981,342
Non current liabilities				
Deferred tax liabilities	6,748	13,403	-	-
Long term incentive scheme	77,013	-		
Total non current liabilities	83,761	13,403	-	-
Total liabilities	3,705,321	4,689,783	2,066,950	981,342
Equity				
Share capital	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings	27,588,203	26,187,524	25,006,022	20,924,284
Other components of equity	317,029	(22,709)	(153,529)	159,713
Actuarial reserves	851	-	-	-
Total equity	32,906,083	31,164,815	29,852,493	26,083,997
Non-controlling Interest				
Total equity and liabilities	36,611,404	35,854,598	31,919,443	27,065,339

	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Total operating income	9,206,140	9,082,085	8,691,558	6,174,003
Profit before taxation	6,042,434	6,091,344	5,664,177	3,724,196
Profit after taxation	4,900,679	4,822,330	4,980,601	3,532,956
Earnings per share	98k	96k	100k	71k
Number of ordinary shares of N1 each	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000

The entity began to issue consolidated financial statements in 2016. Hence, only four years summary for Group is presented.

The Company

In thousands of Naira	31 December 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015
Assets					
Non current Assets					
Property and equipment	1,083,510	595,575	366,751	575,814	326,080
Intangible assets	785,471	1,089,601	1,411,086	613,228	233,098
Intercompany receivables	34,511	34,511	34,511	32,247	-
Equity-accounted investee	736,687	670,500	62,500	62,500	-
Investment in subsidiary	10,000	10,000	10,000	10,000	-
Investments securities	21,960,972	23,644,726	21,709,176	19,138,043	15,397,399
Deferred tax asset	-	-	38,298	20,020	6,377
Defined benefit plan asset (Net)	-	0	-	248,101	203,286
Total non current assets	**24,611,151**	**26,044,914**	**23,632,321**	**20,699,952**	**16,166,240**
Current Assets					
Investment securities	5,005,511	5,879,813	5,418,936	5,135,327	5,328,894
Trade receivables	177,043	102,279	15,550	15,522	1,625
Other assets	181,877	312,046	940,571	504,713	231,678
Cash and cash equivalent	6,691,490	3,626,812	2,004,924	783,043	3,673,144
Total current assets	**12,055,921**	**9,920,950**	**8,379,982**	**6,438,606**	**9,235,341**
Total assets	**36,667,072**	**35,965,863**	**32,012,303**	**27,138,558**	**25,401,581**
Liabilities					
Current Liabilities					
Intercompany payables	10,000	10,000	10,000	10,000	-
Payables, provisions and accruals	727,368	872,873	804,293	413,154	532,182
Current tax liabilities	652,254	652,577	582,765	286,177	663,550
Other liabilities	2,241,938	3,150,930	679,892	282,011	387,659
Total current liabilities	**3,631,560**	**4,686,380**	**2,076,950**	**991,342**	**1,583,391**
Non current liabilities					
Deferred tax liabilities	6,747	13,403	-	-	-
Long term incentive scheme	77,012	-	-	-	-
Total non current liabilities	**83,760**	**13,403**	-	-	-
Total liabilities	**3,715,320**	**4,699,783**	**2,076,950**	**991,342**	**1,583,391**
Equity					
Share capital	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Retained earnings	27,633,871	26,288,789	25,088,882	20,987,503	18,691,328
Other components of equity	317,029	(22,709)	(153,529)	159,713	126,862
Actuarial reserves	851	-	-	-	-
Total equity	**32,951,751**	**31,266,081**	**29,935,353**	**26,147,216**	**23,818,190**
Non-controlling Interest					
Total equity and liabilities	**36,667,071**	**35,965,864**	**32,012,303**	**27,138,558**	**25,401,581**

	31 December 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015
Total operating income	**9,206,140**	**9,082,085**	**8,691,558**	**6,174,003**	**7,601,777**
Profit before taxation	**5,986,837**	**6,109,749**	**5,683,817**	**3,787,415**	**5,015,717**
Profit after taxation	**4,845,082**	**4,840,735**	**5,000,241**	**3,596,175**	**4,460,300**
Earnings per share	97k	97k	100k	72k	89k
Number of ordinary shares of N1 each	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000