AFRICA PRUDENTIAL PLC

Lagos, Nigeria

REPORT OF THE DIRECTORS

AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

AFRICA PRUDENTIAL PLC

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FOR THE YEAR ENDED 31 DECEMBER 2020

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AFRICA PRUDENTIAL PLC

CORPORATE INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2020

Chairman	Chief (Mrs.) Eniola Fadayomi FIOD MFR	
Directors	Mr. Obong Idiong	Managing Director
	Mr. Samuel Nwanze	Non-Executive Director
	Mr. Peter Elumelu	Non-Executive Director
	Mrs. Ammuna Lawan Ali	Independent Non-Executive Director
	Mr. Peter Ashade	Non-Executive Director
	Mr. Emmanuel Nnorom	Non-Executive Director
	Mrs. Funmbi Chima	Independent Non-Executive Director
Registered Office	220b, Ikorodu Road Palmgrove, Lagos	
Company Secretary	Joseph Jibunoh FRC/2018/NBA/00000017719	
Auditors	Ernst & Young UBA House, 10^{th} and 13^{th} Floors 57 Marina, Lagos	
Bankers	United Bank for Africa Plc JAIZ Bank Plc	
RC No.	649007	

AFRICA PRUDENTIAL PLC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2020

REPORT OF THE DIRECTORS

The Directors are pleased to present their report on the affairs of the Company, together with the Audited Financial Statements and Independent Auditor's Report for the year ended December 31, 2020.

LEGAL FORM AND PRINCIPAL ACTIVITIES

Africa Prudential Plc was originally incorporated as UBA Registrars Ltd on March 23, 2006. The Company subsequently changed its name to Africa Prudential Registrars Plc in August 10, 2011 and was listed on the Nigerian Stock Exchange in January 2013. To expand its business portfolio, the Company acquired UAC Registrars Ltd in June 2013.

To enhance its market competitiveness and diversified business interests, the Company changed its name to Africa Prudential Plc, following a special resolution passed by the Members in General Meeting on March 28, 2017.

Africa Prudential Plc primarily carries on the business of registrar and investor relation service in accordance with its Memorandum and Articles of Association. As part of its business diversification strategy, it has expanded its business activities to provision of digital solutions for businesses. Its flagship digital solutions product known as EasyCoop is a unique software, which is aimed at aiding the administration of Cooperative Societies in Nigeria and other digital business solutions.

The Company's competency in digital technology covers advanced Agile and other Software Development Life Circle (SDLC) Methodologies, Cyber Security, Cloud Computing, Design thinking / Product Development Labs, Blockchain technology, among others. The Company deploys Platform as a Service (PaaS) and Software as a Service (SaaS) which are scalable for various sizes of organizations.

RESULTS FOR THE YEAR

The following is the summary of the performance of the Company during the year under review as compared with the previous year:

in thousands of Nigerian Naira	2020	2019
Gross earnings	3,508,133	3,906,653
Operating expenses	(1,566,515)	(1,710,507)
Profit before income tax expense	1,980,142	2,389,454
Income tax expenses	(534,113)	(708,425)
Profit after tax	1,446,029	1,681,029
Proposed Dividend	1,000,000	1,400,000

DIVIDEND

The Directors recommend to the Shareholders, the payment of a gross dividend of N1,000,000,000 (One billion Naira) that is 50 Kobo per share payable to Shareholders on the Company's Register of Members as at March 5, 2021. The dividend is subject to the deduction of appropriate withholding tax. If members at the Annual General Meeting approve this recommendation, the appropriation of the profit as at the end of the financial year would be as follows:

in thousands of Nigerian Naira	2020	2019
Proposed Dividend	1,000,000	1,400,000
Retained Profit at the end of the year	446,029	281,029

DIRECTORS

Record of Directors' Attendance at Meetings

Pursuant to Section 284(2) of the Companies and Allied Matters Act, 2020, the records of Director's attendance at Board meetings during the year under review will be available for inspection at the Annual General Meeting.

Board Composition

As of December 31, 2020, the Company had 8 Directors all of whom held office in the year under review. Their biographies are contained in the Annual Report and are incorporated into this Report by reference. The appointment, removal or reappointment of Directors is governed by the Company's Articles of Association, the Companies and Allied Matters Act, 2020 as well as relevant Board and governance policies. Also, these documents set out the rights and obligations of the Directors.

Directors Interests in Contracts

None of the Directors has notified the Company, for the purpose of Section 301 of the Companies and Allied Matters Act, 2020, of any declarable interest in Contracts in which the Company is involved.

Directors and Their Interests in the Shares of the Company

Directors' interests in the issued share capital of the Company as recorded in the Register of Members and/or as notified by the Directors in compliance with Sections 301 and 302 of the Companies and Allied Matters Act, 2020 and the Listing Requirements of the Nigerian Stock Exchange are as follows:

NAME	31 December 2020		31 December 2019	
	DIRECT	INDIRECT	DIRECT	INDIRECT
CHIEF (MRS) ENIOLA FADAYOMI	4,006,060	NIL	4,006,060	NIL
MR. OBONG IDIONG	3,796,848	NIL	1,861,294	NIL
MR. PETER ASHADE	2,703,864	NIL	730,764	NIL
MR. SAM NWANZE	83,009	NIL	83,009	NIL
MR. PETER ELUMELU	13,891	NIL	13,891	NIL
MR. EMMANUEL NNOROM	NIL	10,558,865	NIL	10,558,865
MRS. AMMUNA LAWAN ALI	NIL	NIL	NIL	NIL
MRS FUNMBI CHIMA	NIL	NIL	NIL	NIL

The details of indirect shareholding of Directors in the issued share capital of the Company is as below:

S/N	NAME	COMPANY	INDIRECT HOLDINGS	TOTAL INDIRECT HOLDINGS
1	MR EMMANUEL NNOROM	VINES FOOD LTD	10,558,865	10,558,865

Alternate Directorship

There was no alternate directorship during the year under review.

SHAREHOLDING

The issued and fully paid-up share capital of the Company is N1, 000,000,000 (One Billion Naira divided into 2,000,000,000) of Ordinary shares of N0.50k each.

In terms of significant shareholding (5% and above), the Register shows that International Equity Capital Limited is the largest shareholder with 519,000,000 units of shares. The table below is instructive on this.

PARTICULARS OF SHAREHOLDER	NUMBER OF SHARES		%	
INTERNATIONAL EQUITY CAPITAL	519,000,000		25.95%	

SHAREHOLDING ANALYSIS

S/N	Role Labels	Count of Type	Sum of Holdings
1	CORPORATES	5,360	1,284,727,868
2	GOVERNMENT	19	2,337,632
3	INDIVIDUALS	253,986	692,775,138
4	INSTITUTION	167	2,850,365
5	JOINT	601	9,517,965
6	PENSION	6	550,739
7	FOREIGN SHAREHOLDERS	70	7,240,293
TOTAL		260,209	2,000,000,000

ANALYSIS OF SHAREHOLDINGS

The details of shareholding of the Company as at December 31, 2020 is as stated below;

Range Analysis

Range		No. of Holders	Holders	Holders cum.	Units	Units %	Units Cum.
1 - 1,000		228,785	87.92%	228,785	43,891,333	2%	43,891,333
1,001 - 5,000		22,296	8.57%	251,081	47,520,328	2%	91,411,661
5,001 - 10,000		3,633	1.40%	254,714	26,126,859	1%	117,538,520
10,001 - 50,000		3,600	1.38%	258,314	78,896,603	4%	196,435,123
50,001 - 100,000		738	0.28%	259,052	54,352,590	3%	250,787,713
100,001 - 500,000		812	0.31%	259,864	168,362,166	8%	419,149,879
500,001 - 1,000,000		157	0.06%	260,021	118,810,437	6%	537,960,316
1,000,001 - 2,000,000,000		188	0.07%	260,209	1,462,039,684	73%	2,000,000,000
Grand Total		260,209	100%		2,000,000,000	100%	

CORPORATE GOVERNANCE

The Board of Directors of the Company is cognizant of its responsibilities under the Code of Corporate Governance issued by the Securities and Exchange Commission and the Nigerian Code of Corporate Governance issued by the Financial Reporting Council of Nigeria in the administration of the Company and is ensuring that the Company consistently complies with the Codes.

In furtherance of the Board's commitment to strong Corporate Governance, the Company successfully concluded the process and was awarded a corporate governance rating from the Nigerian Stock Exchange (NSE) in January 2018 under the Corporate Governance Rating System (CGRS), in partnership with the Convention on Business Integrity (CBI). Consequently, the Company has satisfied one of the criteria required to be listed on the Premium Board of the NSE. The Company sealed its recognition as number one in corporate governance excellence in Nigeria by winning the Special Recognition Award of the 2019 Pearl Awards Nigeria, the flagship awards that rewards outstanding performance of quoted companies in the Nigerian Capital Market.

CORPORATE GOVERNANCE EVALUATION

In order to Institutionalise a system for evaluating the Company's corporate governance practices and ensure that its governance standards, practices, and processes are adequate and effective, a Corporate Governance Audit was carried out, by an independent Corporate Governance firm, to identify gaps and areas requiring improvements. The result of the Corporate Governance Audit was positive and satisfactory and necessary feedback on areas for improvements have been noted by the Board for remedial action.

BOARD EVALUATION

To ensure effectiveness of the Board, a Board Evaluation audit, to assesses how each Director, the committees of the Board and the Board are committed to their roles, how they work together and continue to contribute effectively to the achievement of the Company's objectives was carried out, by an independent Corporate Governance consulting firm. The performance of the Board, Board Committees and each Director were adjudged satisfactory and necessary feedback arising from the exercise was communicated to each Director.

COMPLAINT MANAGEMENT FRAMEWORK

The Company has a Complaint Management Policy and Framework in place in accordance with the SEC directives on resolution of complaints. This policy has also been uploaded on the Company's website for public access.

INSIDER TRADING AND PRICE SENSITIVE INFORMATION

The Company has in place a Securities Trading Policy which prohibits the Directors and employees from trading on the Company's shares during periods they are in possession of price sensitive information. The Company remained in compliance with the Securities Trading Policy throughout the year under review.

WHISTLE BLOWING POLICY

The Company has a Whistle Blowing Policy in place. This was extensively reviewed by the Board and it covers among other things, the procedures for the receipt, retention and treatment of information received from whistle blowers and the custodian of the dedicated line.

ACQUISITION OF OWN SHARES

The Company did not purchase any of its own shares during the year.

HUMAN RESOURCES

The Company makes it a paramount objective to hire individuals based on standards of merit and competence. Also, the Company upholds a sound culture of providing continued development and training for its Staff, to address knowledge gaps and provide new skill sets along the Company's lines of responsibilities. Annually, trainings are identified for staff and followed through in accordance with an approved training plan meant to ensure that this objective is achieved. The Company encourages easy interaction between Management and other members of staff within the Company, so as to foster an atmosphere of warmth at work and to kindle the necessary synergy required for the Company's success.

EMPLOYMENT OF DISABLED PERSONS

The Company operates a non-discriminatory policy on recruitment. Applications by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicants concerned.

During the year under review, there was no disabled person in the Company's employment.

HEALTH, SAFETY AND WELFARE OF EMPLOYEES

The Company approaches Health, Safety and Welfare issues affecting Staff with every sense of seriousness and therefore maintains an insurance health care scheme with Avon, a Health Maintenance Organization (HMO), licensed by the National Health Insurance Scheme (NHIS) to provide health insurance to employees in the private sector. Through this arrangement, each employee, their respective spouses, and dependents below the age of eighteen (18) years are entitled to medical treatments in well-equipped, qualitative network of hospitals under the scheme.

Safety regulations are in place within the Company's premises and employees are regularly informed of the regulations.

There are contributory retirement benefit schemes for both management and employees of the Company in conformity with the Pensions Reform Act 2004.

EMPLOYEES' INVOLVEMENT AND TRAINING

The Company has an effective employer/employee communication system aimed at enhancing industrial harmony. Employees are kept fully informed as much as practicable of the Company's activities which particularly affect them as employees and are also encouraged to communicate any information useful to management through use of suggestion boxes and other channels.

Regular training programs are usually arranged for employees locally and where applicable, overseas for the improvement of skills and enhancement of career prospects.

POST BALANCE SHEET EVENT

There were no post balance sheet events which could have a material effect on the financial position of the Company as at 31 December 2020 and results attributable to equity holders.

PROPERTY AND EQUIPMENT

In the opinion of the Directors, the market value of the Company's property and equipment is not less than as shown in the Statement of Financial Position Property and Equipment (Note 20).

AUDITORS

The Auditors, Messrs. Ernst & Young having indicated their willingness, will continue in office as the Company's Auditors in accordance with Section 402 (2) of the Companies and Allied Matters Act, 2020.

By order of the Board

Joseph Jibunoh
FRC/2018/NBA/00000017719
Company Secretary
220B Ikorodu Road, Palmgrove
Lagos

Date: 01 March 2021

INTRODUCTION

Africa Prudential Plc ("the Company") has in place an effective governance mechanism that ensures proper oversight of its business by the Directors and other principal organs of the Company and this is demonstrated by the fact that the Company recognises and believes in the importance of committing to the highest standards of corporate governance for Public Companies in Nigeria.

During the 2020 financial year, the Company complied with the provisions of the Code of Corporate Governance issued by the Securities and Exchange Commission, the Nigerian Code of Corporate Governance issued by the Financial Reporting Council of Nigeria, its Board Governance Charter, all Company Policies and applicable rules and regulations.

1. The Board

1.1 General

The Board is responsible for developing the Company's strategy and ensuring that its available assets are utilized towards the attainment of its set strategy and plans. The Board performs supervisory oversight over Management activities making certain that the affairs of the Company are conducted in a manner that increases the value of shareholders' investments and is also beneficial to all other stakeholders of the Company.

As at 31 December 2020, the Board comprised a Non-Executive Chairman, an Executive Managing Director/CEO and six other Non-Executive Directors two of whom are Independent Non-Executive Directors. The Board members are professionals and business persons with vast experience and credible track records who all have the requisite integrity, skills and experience to bring independent judgment to bear on Board deliberations and discussions.

The Directors attend regular trainings on Corporate Governance and related issues. In addition, the Company Secretary provides advice to the Board on Corporate Governance best practices from time to time.

1.2 Chairman and CEO Positions

Responsibilities at the top level are well defined and the Company has separated the roles of the Managing Director/CEO and Chairman. The Chairman is not involved in the day-to day operations of the Company and is not a member of any committee of the Board.

1.3 Non-Executive Directors

The Non-Executive Board members possess strong knowledge of the Company's business and usually contribute actively at Board meetings.

1.4 Board Changes

During the year under review, Mrs Fumbi Chima was appointed to the Board as an Independent Non – Executive Director effective December 30, 2020. Mrs. Chima is an accomplished global transformational Leader, with focus on driving business outcomes, through the use of technology and digital solutions and inspiring organisations, to embrace a new future. Her appointment as an Independent Non - Executive Director will be presented to the members at General Meeting for ratification.

1.5 Proceedings and frequency of meetings

The Board meets at least once in every quarter or as frequently as the Board's attention may be required on any situation which may arise. Sufficient notices with clear agenda & reports are usually given prior to convening such meetings. In 2020, the Board continued with its adoption of the use of an electronic portal for the notification of Board and Board Committee meetings and circulation of meeting papers.

In addition to the Board meetings held during the year under review, the Board and Management held joint Strategy Sessions on two occasions on August 26, 2020 and December 7, 2020 respectively, where the Management presented to the Board, in detail, key business and operational strategies for the 2020 financial year.

1.6 Board Meeting Attendance

KEY:

P	Present
AWA	Absent With Apology
NA	Not Applicable

A total of five (5) Board Meetings were held in the 2020 Financial Year. The table below shows Directors' attendance at the meetings.

Members	19.02.2020	15.04.2020	22.04.2020	19.10.2020	17.12.2020
1. Chief (Mrs) Eniola Fadayomi	P	P	P	P	P
2. Mr. Obong Idiong	P	P	P	P	P
3. Mr. Peter Ashade	P	P	P	P	P
4. Mrs. Ammuna Lawan Ali	P	P	P	P	P
5. Mr. Samuel Nwanze	P	P	P	P	P
6. Mr. Emmanuel Nnorom	P	P	P	P	P
7. Mr. Peter Elumelu	P	P	P	P	P
8. Mrs. Funbi Chima	NA	NA	NA	NA	NA

Note: Mrs Fumbi Chima was appointed to the Board on September 2, 2020. However, the Securities and Exchange Commission (SEC) approved her appointment on 30/12/2020.

1.7 Board Committees

1.7.1 Board Audit & Governance Committee

The Board Audit & Governance Committee is responsible for ensuring that an effective system of internal and financial control is in place and provides oversight on governance related matters.

The Committee is currently constituted as follows:

1. Mr. Peter Elumelu	Chairman/Non-Executive Director
2. Mr. Samuel Nwanze	Member/ Non-Executive Director
3. Mrs. Ammuna Lawan Ali	Member/ Independent Non-Executive Director
4. Mr. Emmanuel Nnorom	Member/Non-Executive Director

Its Terms of Reference include ensuring an effective system of financial and internal control are in place; evaluating the independence and performance of the External Auditor; reviewing the audited financial statements with the Management and the External Auditor before its presentation to the Board; approving human resources related policies; ensuring proper composition, training and evaluation of board members.

The Committee met four (4) times in the year under review. The table below shows Directors' attendance at the meetings.

Members	11.02.2020	08.04.2020	16.07.2020	12.10.2020
1. Mr. Peter Elumelu	P	P	P	P
2. Mr. Samuel Nwanze	P	P	P	P
3. Mrs. Ammuna Lawan Ali	P	P	P	P
4. Mr. Emmanuel Nnorom	P	P	P	P

1.7.2 Board Finance and Investment Committee

The Board Finance and Investment Committee is responsible for strategic planning, periodic budgeting and performance monitoring, supervision of assets, investment matters and providing oversight on risk matters, financial matters and performance of the Company.

The Committee is currently constituted as follows:

1. Mr. Samuel Nwanze	Chairman/Non-Executive Director
2. Mr. Obong Idiong	Member/ Managing Director/CEO
3. Mr. Peter Ashade	Member/ Non-Executive Director
4. Mr. Peter Elumelu	Member/ Non-Executive Director
5. Mr. Emmanuel Nnorom	Member/ Non-Executive Director
6. Mrs. Funmbi Chima	Member/ Independent Non-Executive Director

The Committee met four (4) times in the year under review. The table below shows Directors' attendance at the meetings.

Members	11.02.2020	08.04.2020	16.07.2020	12.10.2020
1. Mr. Samuel Nwanze	P	P	P	P
2. Mr. Obong Idiong	P	P	P	P
3. Mr. Peter Ashade	P	P	P	P
4. Mr. Peter Elumelu	P	P	P	P
5. Mr. Emmanuel Nnorom	P	P	P	P
6. Mrs. Funmbi Chima	NA	NA	NA	NA

1.7.3 Board Project Committee

The Board Projects Committee was formally constituted by the Board in July 2018 and this was done to enable the Board exercise oversight in the sound and robust management of all the Company's projects as it relates to product innovation and development. The aim is to drive the Company's diversification implementation strategy by providing advice and direction where appropriate.

The Committee is currently constituted as follows:

1. Mr. Peter Ashade	Chairman/Non-Executive Director
2. Mr. Obong Idiong	Member/ Managing Director/CEO
3. Mr. Peter Elumelu	Member/ Non-Executive Director
4. Mr. Samuel Nwanze	Member/ Non-Executive Director
5. Mr. Emmanuel Nnorom	Member/ Non-Executive Director
6. Mrs. Funmbi Chima	Member/ Independent Non-Executive Director

The Committee met 4 (four) times in the year under review. The table below shows Directors' attendance at the meetings.

Members	11.02.2020	08.04.2020	17.07.2020	12.10.2020
1. Mr. Peter Ashade	P	P	P	P
2. Mr. Obong Idiong	P	P	P	P
3. Mr. Peter Elumelu	P	P	P	P
4. Mr. Samuel Nwanze	P	P	P	P
5. Mr. Emmanuel Nnorom	P	P	P	P
6. Mrs. Funmbi Chima	NA	NA	NA	NA

2. The Statutory Audit Committee

The Statutory Audit Committee was set up in accordance with the provisions of the Companies and Allied Matters Act, CAP 2019. It consists of a combination of Non–Executive Directors and Ordinary shareholders elected at the Annual General Meeting. Its terms of reference include the monitoring of processes designed to ensure compliance by the Company in all respects with legal and regulatory requirements, including disclosure, controls and procedures and the impact (or potential impact) of development thereto. It evaluates annually, the independence and performance of the External Auditors. The Committee also reviews with Management and the External Auditors the annual audited financial statement before its submission to the Board.

The Committee is currently constituted with 6 (Six) members as follows:

1. Mr. Frank Chikezie	Chairman/shareholder
2. Alhaji Kabiru Tambari	Shareholder
3. Mr. Tajudeen Adeshina	Shareholder
4. Mr. Samuel Nwanze	Non- Executive Director
5. Mr. Peter Elumelu	Non- Executive Director
6. Mrs. Ammuna Lawan Ali	Non- Executive Independent Director

The Committee met four (4) times in the year under review. The table below shows Members' attendance at the meetings.

Members	11.02.2020	08.04.2020	16.07.2020	12.10.2020
Mr. Frank Chikezie	NA	P	P	P
Mr. Tajudeen Adeshina	P	P	P	P
Alhaji Kabiru Tambari	P	P	P	P
Mr. Samuel Nwanze	P	P	P	P
Mr. Peter Elumelu	P	P	P	P
Mrs. Ammuna Lawan Ali	P	P	P	P

3. Accountability, Audit and Control

3.1 Financial reporting

The Directors make themselves accountable to shareholders through regular publication of the Company's financial performance and annual reports.

The Board is mindful of its responsibilities and is satisfied that in the preparation of its financial report it has presented a balanced assessment of the Company's position and prospects in accordance with its obligation under the Code of Corporate Governance.

Ernst & Young acted as external auditors to the Company during the 2020 financial year.

3.2 Control environment

The Company has consistently improved its internal control system to ensure effective management of risks. The Directors review the effectiveness of the system of internal control through regular reports and reviews at Board and Audit & Governance Committee Meetings.

The Board has continued to place emphasis on risk management as an essential tool for achieving the Company's objectives. Towards this end, it has ensured that the Company has in place robust risk management policies and mechanisms to ensure the identification of risks and effective controls.

The Board approves the annual budget for the Company and ensures that a robust budgetary process is operated with adequate authorization levels put in place to regulate capital expenditure.

4. The Company Secretary

The Company Secretary ensures adequate dissemination of information among Board members and between the Board and the Management of the Company. In furtherance of Board and Committee meetings, the Company Secretary undertakes the preparation of the necessary papers and other documents requisite for the success in deliberations. The Company Secretary is responsible for the induction of new Directors and the provision of ongoing training for the Non-Executive Directors.

The Office of the Company Secretary ensures that the Company complies with the relevant regulatory laws including the Investment and Securities Act, the Securities and Exchange Commission (SEC) Rules and Regulations, the Securities and Exchange Commission (SEC) Code of Corporate Governance, the Nigerian Code of Corporate Governance, the Companies and Allied Matters Act, the Rules and Regulations of The Nigeria Stock Exchange and the Company's Corporate Governance Policies.

The procedure for the appointment and removal of the Company Secretary is a matter for the Board.

5. Shareholders

The Company ensures the existence of adequate interaction among the Shareholders, the Management and the Board of the Company. The Company's General Meetings provide Shareholders the platform to contribute to the administration of the Company. The Annual General Meetings (AGMs) are held in accessible locations and are open to Shareholders or their proxies. The AGMs are conducted in a manner that facilitates Shareholders' participation in accordance with relevant regulatory and statutory requirements.

The Company encourages Shareholders to attend these meetings by ensuring that notices of meetings and other information required by Shareholders to make informed decisions are dispatched in a timely manner. The office of the Company Secretary additionally affords Shareholders channels of communication to the Board and the Management of the Company.

It is the responsibility of the Shareholders to approve the appointment of Directors and to grant other approvals that are required by law or the Articles of Association of the Company.

The Shareholders through its representatives on the Statutory Audit Committee in line with section 359 of the CAMA and the SEC Code also assume responsibility for the integrity of the Company's audited accounts.

6. Guidelines for Trading in the Company's Securities

General Rule
Except in exceptional circumstances, all Key personnel (Directors and all Staff) must not deal in securities of the Company during the following "Closed Periods".

(a)The period from 15 days immediately preceding the announcement to the Nigerian Stock Exchange of the Company's annual results; and 24 hours after the release has been made;
(b)The period from 15 days immediately preceding the announcement to the Nigerian Stock Exchange of the Company's half year results; and 24 hours after the release has been made;
(c) The period from 15 days immediately preceding the announcement to the Nigerian Stock Exchange of each of the Company's quarterly results; and 24 hours after the release has been made;
(d)A period of two trading days before and 24 hours after any other Nigerian Stock Exchange announcement by the Company; and
(e)Such other periods as the Board may from time to time by notice in writing designate as a closed period- for example, a period commencing when the Company is considering a significant acquisition or disposal under an incomplete proposal and expiring two trading days after details of the final proposal are announced to the Nigerian Stock Exchange or the proposal is abandoned.

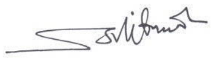
Africa Prudential Plc Complaint Management Policy

•In accordance with the Securities and Exchange Commission rules (SEC Rules) relating to Complaint Management Framework of the Nigerian Capital Market (The Framework) of February 16, 2015 and the Nigerian Stock Exchange directive, every listed company is required to establish a clearly defined complaints management policy to handle and resolve complaints within the scope of the Framework

• It is pursuant to the above-mentioned SEC rule and NSE Directive that Africa Prudential Plc has formulated a Complaints Management Policy.

• This policy is designed to effectively and efficiently handle and resolve complaints in a fair, impartial, timely and objective manner.

•All complaints should be addressed as follows:



Joseph Jibunoh
FRC/2018/NBA/00000017719

Africa Prudential Plc
220b, Ikorodu Road
Palmgrove
Lagos

Date: 01 March 2021

Email: cxc@africaprudential.com
The policy is available on the Company's website (www.africaprudential.com)

AFRICA PRUDENTIAL PLC

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

At Africa Prudential, supporting and creating a Sustainable Ecosystem has always been of great importance to us. Being a leading Registrar firm and digital technology solutions provider, we fully recognize the importance of integrating sustainability principles to our business strategy and we remain committed to sustainable business developments that meet the needs of the present without compromising the ability of future generations to meet their own needs.

We do not fail to consider the impacts of our activities on our environment and ensure transparency about the risks and opportunities they face. We highly believe that the success of our company is linked with the subsistence and resilience of the communities we operate in, and therefore we are focused on transforming the society to make it more sustainable by integrating sustainable practices in our business operations.

Environmental Sustainability

We are deliberate about our goal to have a positive influence on the health of the environment. In 2020, our commitment towards environmental sustainability included a reduction of energy consumption in our offices. This we did by switching to the use of energy-efficient LED lighting and ensuring the proper circulation of air inside the building, among many other things. In recent years, there has been a global shift favoring a more environmentally conscious workplace, which we have adopted as a leading Digital Technology company.

Consequently, we streamline workflow by reducing paper use and automate our business processes. In addition to this, we strive towards an effective management of e-waste by employing the principle of reusing, recycling, and refurbishing.

Employement and Labour Relations

Africa Prudential believes it has an obligation to provide and maintain a safe and healthy work environment for all employees. Following the global shutdown of borders and restriction of movement by the Government, we ensured compliance with all government public health directives and implemented measures for the safety of our employees such as flexible work plan, annual paid leave, etc. We ensured our employees felt connected to the company (and to one another) even amidst a shift to virtual and remote work, which we believe will continue to be more commonly practiced. Our Employee Reward and Recognition Programs were maintained and outstanding employees for the year were rewarded and promoted.

Health and Safety

In the face of this global challenge, we are fully complying with local requirements and doing all we can to protect our employees and their families while delivering our services to customers. Our responsibility to protect the health, safety and welfare of our employees and other stakeholders including our customers remains paramount. Considering the pandemic in 2020, a risk assessment was carried out to pinpoint risk-areas and measures were put in place to mitigate them. Such measures include health and safety messages at strategic points in and outside the offices, provision of face masks and hand sanitizers, social distancing practices, and a two-week work rotation to reduce the number of employees stationed in our offices at the same time. Employees who fell ill were required to quarantine (self-isolate) for 14 days and required to take the COVID-19 test at the Nigeria Centre for Disease Control (NCDC) laboratory before resumption, for their safety and other employees.

Community Support/Economic Empowerment

As part of efforts to limit the effects of the COVID-19 pandemic, we donated through Avon HealthCare Limited - a Health Maintenance Organization (HMO); comprehensive health insurance services to individuals and families as well as Small Medium Enterprises and large corporate organizations. The pandemic caused a massive dislocation for enterprises and had a disproportionate effect on entrepreneurs of small and medium-sized enterprises (SMEs). To address the unique challenges arising from the pandemic, our objective is to lift thousands out of poverty and create sustainable employment by promoting the economic inclusion and empowerment of SMEs to thrive and succeed. More specifically, in 2020, through the Tony Elumelu Foundation Entrepreneurial Scheme we have been able to empower over 9,000 entrepreneurial youths all over the Africa.

Corporate Governance on environmental and social life

A robust corporate governance structure aim is to align as nearly as possible the interests of individuals, corporations, and society. For us, becoming sustainable involves a conscious and continuing effort to build long-term value for our shareholders by contributing immensely to a sustainable society which is evident in our business practices. The Board is committed to high standards of corporate governance, which it considers critical to maintaining the business integrity and investors' trust in us. We expect all our Directors and Employees to act with honesty and integrity, imbibing our Core Values – Enterprise, Execution, and Excellence. We strive to act in accordance with the residing laws and regulations in addition to adopting proper standards of business practice and procedure.

2020 Corporate Social Responsibility (CSR)

Over the years, our Corporate Social Responsibility (CSR) programme has been focused on supporting entrepreneurs through the Tony Elumelu Foundation Entrepreneurship Programme which identifies, trains, mentors and provides seed capital to entrepreneurs across the African continent.

2020 presented novel challenges for our social impact, putting global health safety at the forefront of our strategies. Following the COVID-19 pandemic disruption to economic and social activities, our flagship CSR Initiative in collaboration with the Tony Elumelu Foundation was postponed till the next year. Through the Tony Elumelu Foundation, we explored alternatives to empower African entrepreneurs amidst the pandemic with activities which included webinars and virtual Masterclasses on subject matters ranging from Financial Management to Business Growth Mapping. Over 7,000 participants registered and attended the training over a period of five months.

As part of efforts to limit the effects of the COVID-19 pandemic, we donated through Avon Healthcare Limited, a Health Maintenance Organization (HMO); comprehensive health insurance services to individuals and families, as well as Small Medium Enterprises and large corporate organizations.

We are firmly committed to making socially responsible business practices a hallmark of our brand and will continue to do so for social good.

AFRICA PRUDENTIAL PLC

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE PREPARATION OF THE FINANICIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

In accordance with the provisions of Companies and Allied Matters Act 2020, the Directors are responsible for the preparation of the financial statements, which give a true and fair view of the state of affairs of the Company and of the profit or loss for the period ended 31 December 2020, and in so doing they ensure that:

- Proper accounting records are maintained;
- Applicable accounting standards are followed;
- Suitable accounting policies are adopted and consistently applied;
- Judgments and estimates made are reasonable and prudent;
- The going concern basis is used, unless it is inappropriate to presume that the Company will continue in business; and
- Internal control procedures are instituted which as far as reasonably possible, safeguard the assets of the Company an prevent and detect fraud and other irregularities.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of CAMA.

The Directors are of the opinion that the 2020 audited financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit or loss.

The Directors accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve (12) months from the date of this statement.

Signed on behalf of the Directors by:

Mr. Obong Idiong
Managing Director/CEO
FRC/2013/NBA/00000004696

Date: 01 March 2021

Chief (Mrs.) Eniola Fadayomi FIOD MFR
Chairman
FRC/2013/IODN/00000002718

Date: 01 March 2021

AFRICA PRUDENTIAL PLC

REPORT OF THE STATUTORY AUDIT COMMITTEE

FOR THE YEAR ENDED 31 DECEMBER 2020

To The Members of Africa Prudential Plc

In compliance with section 404 (7) of the Companies and Allied Matters Act, 2020, we the members of the Statutory Audit Committee of Africa Prudential Plc ("the Company") hereby report as follows:

(i) The Audit Committee met in exercise of its statutory responsibilities in accordance with section 404 (7) of CAMA;
(ii) We have examined the auditors' report including the financial statements for the year ended 31 December 2020;
(iii) We have also deliberated with the external auditors, reviewed their findings and recommendations and confirm that the auditors' report for this period is consistent with our review; and
(iv) We are satisfied that the accounting and reporting policies of the Company are in accordance with legal requirements and meet ethical standards.

Frank Chikezie
Chairman, Audit Committee

FRC/ 2003/CIBN/00000005239
Date: 01 March 2021

Members of the Statutory Audit Committee are as follows;

Mr. Frank Chikezie	Chairman
Mr. Adeshina Tajudeen	Member
Mr. Kabiru Tambari	Member
Mr. Samuel Nwanze	Member
Mrs. Ammuna Lawan Ali	Member
Mr. Peter Elumelu	Member

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AFRICA PRUDENTIAL PLC

Report on the audit of the financial statements

We have audited the financial statements of Africa Prudential Plc (the "Company"), which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of Africa Prudential Plc present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and of its financial performance and cash flows for year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Stardards Board (IASB), and the relevant provisions of the Companies and Allied Matters Act 2020 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of Africa Prudential Plc. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of Africa Prudential Plc. 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 judgement, were of most significance in our audit of the 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. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AFRICA PRUDENTIAL PLC- Continued

Key Audit Matters- Continued

Key Audit Matter	How the matter was addressed in the audit
Expected Credit Loss (ECL) assessment of debt instruments measured at amortised cost The gross amount of the Company's debt instruments measured was N13,046,885,000. This represents about 75% of total assets. This was considered a key audit matter as it requires significant judgement to determine the impairment loss under IFRS 9: Financial Instruments. The general approach to ECL was adopted. This approach involves identification of significant changes in credit risks using a multi factor model, for the purpose of determining whether financial assets will be classified as stage 1, stage 2 or stage 3. While twelve months ECLs are computed for financial assets in stage 1, lifetime ECLs are computed for financial assets in stage 2 and 3. Calculating ECL for these class of financials assets also involves determination of risk parameters such as probability of default (PD), loss given default (LGD) and exposure at default (EAD). The approach also involves considerable level of judgements and estimation in determining inputs for ECL calculation such as: ‣Determination of PD and LGD ‣Adjusting the PD for forward looking information ‣Selecting macroeconomics variables ‣ Incorporating multiple scenarios ‣Considered cash flow estimation including timing and amount and collateral valuation. ECL assessment is disclosed in Notes 9 and 17 to the financial statements and note 2.6.4 of the summary of the significant accounting policies.	We performed the following procedures: - Reviewed the IFRS 9 ECL prepared by management for computation of ECL on financial assets in line with the requirements of IFRS 9. - Gained an understanding of how the PD's and LGD's were derived by performing a walkthrough using live data. - Tested the historical accuracy of the model by assessing the historical projections versus actual losses. - Focused on the most significant model assumptions including Probability of Default (PD) and Loss Given Default (LGD). - Performed detailed procedures on the completeness and accuracy of the information used. - Other areas of complexities which include consideration of multiple scenarios, incorporating forward looking information such as macro-economic indicators that includes inflation, unemployment, exchange rate, Gross Domestic Product (GDP), etc. were equally challenged for reasonableness taking into consideration available information in the public domain. - We reviewed the qualitative and quantitative disclosures for reasonableness to ensure conformity with IFRS 7- Financial Instruments: Disclosures.

Responsibilities of the Directors for the Financial Statements

Other Information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, Five-year financial summary and Statement of value added as required by the Companies and Allied Matters Act

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AFRICA PRUDENTIAL PLC - Continued

Responsibilities of the Directors for the Financial Statements- Continued

2020, Corporate Governance Report as required by Code of Corporate Governance issued by the Securities and Exchange Commision (SEC) and Report of the Statutory Audit Committee Report as required by the provision of the Companies and Allied Matters Act 2020. The other information were obtained prior to the date of this report, and the Annual Report, is expected to be made available to us after that date. The other information does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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.

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, provisions of the Companies and Allied Matters Act 2020 and the Financial Reporting Council of Nigeria Act No. 6, 2011 and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AFRICA PRUDENTIAL PLC - Continued

Auditors' Responsibilities for the Audit of the Financial Statements- Continued

- 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 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 the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act 2020, we confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
ii) in our opinion, proper books of account have been kept by the Company, so far as it appears from our examination of those books;
iii) the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.
iv) in our opinion, the financial statements have been prepared in accordance with the provisions of the Companies and Allied Matters Act 2020 so as to give a true and fair view of the state of affairs and financial performance.

Jamiu Olakisan, FCA
FRC/2012/ICAN/00000003918
For: Ernst & Young
Lagos, Nigeria.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0485998

02 March 2021

AFRICA PRUDENTIAL PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020 in thousands of Nigerian Naira	Notes	2020	2019
Revenue from contracts with customers	6	1,059,189	1,502,241
Interest income calculated using effective interest method	7	2,448,944	2,404,412
Gross earnings		3,508,133	3,906,653
Other income	8	32,398	51,484
Credit loss reversal	9	7,733	245,991
Personnel expenses	10	(625,065)	(624,567)
Other operating expenses	11	(858,089)	(1,002,055)
Depreciation of property and equipment	20	(53,641)	(52,746)
Depreciation of right of use assets	21.1	(5,691)	(11,044)
Amortisation of intangible assets	22	(24,029)	(20,095)
Profit before finance costs and tax		1,981,749	2,493,621
Finance costs	12	(1,607)	(104,167)
Profit before income tax expense		1,980,142	2,389,454
Income tax expense	13.1	(534,113)	(708,425)
Profit after tax		1,446,029	1,681,029
Other comprehensive income			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Net gain /(loss) on quoted equity instruments at fair value through other comprehensive income		39,340	(20,728)
Net loss on unquoted equity instruments at fair value through other comprehensive income		-	(1,043,202)
Revaluation gain on building (net of tax)		-	70,596
Total other comprehensive income/(loss) for the year, net of tax		39,340	(993,334)
Total comprehensive income for the year, net of tax		1,485,369	687,695
Basic and diluted earnings per share (Kobo)	15	72	84

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020 in thousands of Nigerian Naira	Notes	31 December 2020	31 December 2019
Assets			
Cash and cash equivalents	16	1,005,752	1,622,185
Equity instruments at fair value through OCI	17.1	288,020	243,328
Debt instruments at amortised cost	17.2	13,014,137	15,982,783
Deposit for shares	18	2,770,000	-
Trade and other receivables	19	298,665	412,582
Property and equipment	20	282,575	314,854
Right-of-use-assets	21.1	7,586	14,725
Intangible assets	22	61,835	58,876
Total assets		17,728,570	18,649,333
Liabilities			
Customers' deposits	23	8,639,683	9,644,466
Creditors and accruals	24	86,574	32,139
Lease liabilities	21.2	7,198	12,292
Current income tax payable	25	579,083	634,296
Deferred tax liabilities	26	46,379	41,856
Total liabilities		9,358,917	10,365,049
Equity			
Share capital	27.1	1,000,000	1,000,000
Share premium	27.2	624,446	624,446
Fair value reserve	27.3	18,612	(20,728)
Retained earnings	27.4	6,655,999	6,609,970
Revaluation reserve	27.5	70,596	70,596
Total equity		8,369,653	8,284,284
Total liabilities and equity		17,728,570	18,649,333

The financial statements and accompanying notes to the financial statements were approved and authorised for issue by the Board of Directors on 18th February 2021 and were signed on its behalf by:

Chief (Mrs) Eniola Fadayomi FIOD MFR (Chairman)
FRC/2013/IODN/00000002718

Obong Idiong (Managing Director)
FRC/2013/NBA/00000004696

Olufemi Adenuga (Chief Financial Officer)
FRC/2013/ICAN/00000002720

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

AFRICA PRUDENTIAL PLC

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

in thousands of Nigerian Naira	Note	Share capital	Share premium	Fair value reserve	Retained earnings	Revaluation reserve	Total equity
As at 1 January 2020		1,000,000	624,446	(20,728)	6,609,970	70,596	8,284,284
Profit for the year		-	-	-	1,446,029	-	1,446,029
Other comprehensive income for the year (net of tax)		-	-	39,340	-	-	39,340
Total other comprehensive income for the year, net of tax		-	-	39,340	1,446,029	-	1,485,369
Transactions with owners of equity							
Dividends paid	14	-	-	-	(1,400,000)	-	(1,400,000)
Total transactions with owners of equity		-	-	-	(1,400,000)	-	(1,400,000)
As at 31 December 2020		1,000,000	624,446	18,612	6,655,999	70,596	8,369,653
As at 1 January 2019		1,000,000	624,446	1,043,202	5,928,941	-	8,596,589
Profit for the year		-	-	-	1,681,029	-	1,681,029
Other comprehensive income/(loss) for the year (net of tax)		-	-	(1,063,930)	-	70,596	(993,334)
Total other comprehensive income/(loss) for the year, net of tax		-	-	(1,063,930)	1,681,029	70,596	687,695
Transactions with owners of equity							
Dividends paid	14	-	-	-	(1,000,000)	-	(1,000,000)
Total transactions with owners of equity		-	-	-	(1,000,000)	-	(1,000,000)
As at 31 December 2019		1,000,000	624,446	(20,728)	6,609,970	70,596	8,284,284

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020 in thousands of Nigerian Naira	Notes	2020	2019
Cash flows from operating activities			
Profit before income tax expense		1,980,142	2,389,454
Adjustment to reconcile profit before tax to net cash flows			
Depreciation of property and equipment	20	53,641	52,746
Amortization of intangible assets	22	24,029	20,095
Depreciation of right-of-use asset	21.1	5,691	11,044
Impairment reversal on financial assets	9	(7,733)	(245,991)
(Gain)/Loss from disposal of plant and equipment	8,11	(6,273)	3,486
Inventory written off	11	-	3,432
Interest income	7	(2,448,944)	(2,404,412)
Dividend income	8	(25,758)	(22,572)
Finance costs	12	1,607	104,167
Changes in working capital			
Increase in trade and other receivables		(535,599)	(290,081)
Decrease in customers' deposits		(1,004,783)	(477,665)
Increase/(decrease) in creditors and accruals		54,435	(30,965)
Interest received		2,892,321	2,819,697
Interest paid		(1,607)	(104,167)
Income tax paid	25	(373,477)	(134,443)
Net cash generated from operating activities		607,691	1,693,825
Cash flows from investing activities			
Purchase of property and equipment	20	(24,708)	(63,774)
Proceeds from sale of plant and equipment		9,619	4,515
Purchase of intangible assets	22	(26,988)	(7,500)
Purchases of debt instruments at amortised cost	17.3	(8,335,294)	(3,279,697)
Disposal of debt instruments at amortised cost	17.3	11,302,582	
(Investment)/proceeds from Deposit for shares	18	(2,770,000)	3,748,000
Dividends received	8	25,758	22,572
Net cash generated from investing activities		180,969	424,116
Financing activities			
Dividends paid	27	(1,400,000)	(1,000,000)
Repayment of borrowings		-	(2,042,439)
Payment of principal portion of lease liabilities	21.2	(5,094)	(13,217)
Net cash flows used in financing activities		(1,405,094)	(3,055,656)
Net decrease in cash and cash equivalents		(616,433)	(937,715)
Cash and cash equivalents as at 1 January	16	1,622,185	2,559,899
Cash and cash equivalents as at 31 December	16	1,005,752	1,622,185

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

NOTES TO THE FINANCIAL STATEMENTS

1 Corporate information

Africa Prudential Plc. ("the Company") formerly UBA Registrars Ltd was incorporated as a private limited liability Company on 23 March 2006 to take over the registrar services formally operated as a department by its former parent - UBA Global Market Limited. The Company was listed on 17 January 2013.

The Company renders share registration services to both public and private companies. The Company's registered office address is 220B, Ikorodu Road, Palmgrove, Lagos Nigeria. Africa Prudential Plc primarily carries on the business of registrar and investor relation service in accordance with its Memorandum and Articles of Association. As part of its business diversification strategy, it has expanded its business activities to provision of digital solutions for businesses. Its flagship digital solutions product known as EasyCoop is a unique software, which is aimed at aiding the administration of Cooperative Societies in Nigeria and other digital business solutions.
The Company's competency in digital technology covers advanced Agile and other Software Development Life Circle (SDLC) Methodologies, Cyber Security, Cloud Computing, Design thinking / Product Development Labs, Blockchain technology, among others. The Company deploys Platform as a Service (PaaS) and Software as a Service (SaaS) which are scalable for various sizes of organizations.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared on a historical cost basis, except for financial assets carried at fair value through other comprehensive income which has been measured at fair value.

2.2 Basis of measurement

The financial statements are prepared according to uniform accounting policies and valuation principles. The financial statements of the Company are based on the principle of the historical cost with the exception of the items reflected at fair value.

2.3 Statement of Compliance

The financial statements of Africa Prudential Plc has been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and adopted by Financial Reporting Council of Nigeria . The financial statements comply with the relevant requirements of the Companies and Allied Matters Act 2020 and the Financial Reporting Council of Nigeria Act No. 6, 2011.

The financial statements comprises of the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows.

The financial statements values are presented in Nigerian Naira (₦), which is the functional currency of the Company, rounded to the nearest thousand (₦'000), unless otherwise indicated.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (no more than 12 months) and more than 12 months after the reporting date (more than 12 months) is presented in the respective notes.

2.4 Financial period

These financial statements cover the financial year from 1 January to 31 December 2020, with comparative figures for the financial year from 1 January to 31 December 2019.

2.5 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the entity will be able to meet its financial obligations as at when they fall due. There are no significant financial obligations that will impact on the entity's resources which will affect the going concern of the entity.

Management is satisfied that the entity has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements

2.6 Summary of significant accounting policies

2.6.1 Revenue from contracts with customers

The Company is in the business of rendering technology and share registration services to both public and private companies. The platforms and tools help drive business productivity, business competitiveness, and public-sector efficiency. Revenue from contracts with customers is recognised when services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

Revenue from contracts with customers include:
Technology (Digital applications) Fees:- The Company generate revenue by offering a wide range of digital products to people and businesses; licensing an array of software products; designing, development and selling and delivering relevant solutions/applications to support our clients. Certain services, depend on a significant level of integration, interdependency, and interrelation between the applications and are accounted for together as one performance obligation. Revenue is recognized over the period in which the services are provided

Registrar (Share Registration) fees:- Comprise fixed periodic administration fees for managing corporate actions. Administration fees are recognised evenly over the service period. Revenues from corporate actions are recognised in line with the stage of completion while fees in relation to administration of client funds are recognised as they accrue.

2.6.2 Taxes

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

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

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

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

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

2.6.3 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents, as defined above are considered an integral part of the Company's cash management.

2.6.4 Financial instruments – initial recognition and subsequent measurement

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

i) Financial assets
Initial recognition and measurement of financial assets

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

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

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

The Compay's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

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

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

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Company's financial assets at amortised cost includes cash equivalents, trade and other receivables, debt instruments such as treasury bills, and loans to staff, government bonds, and placements with banks.

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

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

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

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

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

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

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

ii) Financial liabilities

Initial recognition and measurement of financial liabilities

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

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

The Company’s financial liabilities include trade and other payables, loans and borrowings and customer's deposit.

Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification, as described below:

Customers' deposit

This represents dividend, return monies and other interests received from clients but yet to be claimed or remitted.

Derecognition of financial liabilities

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

iii) Offsetting of financial instruments

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

2.6.5 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories in based on a weighted average principle and include expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

2.6.6 Property and equipment

Recognition and measurement

Items of property and equipment (except building) are carried at cost less accumulated depreciation and impairment losses. The cost of Property and Equipment includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent costs

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

Building is measured at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed at least once in every 3 years or when a major improvement is carried out to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recorded in other comprehensive income and hence, credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss, in which case, the increase is recognised in the profit or loss. A revaluation deficit is recognized in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Land is not depreciated.

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

Leasehold improvements	Over the shorter of the useful life of item or lease period
Buildings	40 years
Computer equipment	5 years
Furniture, fittings and equipment	5 years
Motor vehicles	5 years
Capital work - in - progress	Not depreciated

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

De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

2.6.7 Intangible asset

a Software

Software acquired by the entity is stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the entity is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

2.6.9 Employee benefits

Short-term benefits

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

Post-employment benefits - Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as an expense in the statement of Profit or Loss when they are due. The contribution payable to a defined contribution plan is in proportion to the services rendered to the entity by the employees and is recorded as an expense under "Personnel expenses". Unpaid contributions are recorded as liability.

2.6.10 Leases

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

Company as a lessee

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

i Right-of-use assets

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

Office building	2 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.6.10 Leases

ii Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

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

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

2.6.11 Share capital and reserves

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

2.6.12 Earnings per share

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

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

2.7.1 Change in accounting policies and disclosures

Standards and interpretations effective for the first time for 31 December 2020 year end

i Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

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

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark- based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

iii Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to, the Company.

iv Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Company.

2.7.1 Change in accounting policies and disclosures - continued

Standards and interpretations not yet effective

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's accounting periods beginning on or after 01 January 2021or later periods:

i Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profitor lossonly to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profitor loss.

The effective date of the amendmentis to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the Company's financial statements.

ii IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

iii Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a

liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

2.7.1 Change in accounting policies and disclosures - continued

Standards and interpretations not yet effective - continued

iv Reference to the Conceptual Framework IV Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a material impact on the Company.

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

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

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

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

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments are not expected to have a material impact on the Company.

v IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments is not applicable to the Company.

2.7.1 Change in accounting policies and disclosures - continued

Standards and interpretations not yet effective - continued

vi IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

vii Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

On 27 August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred. Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognised. If they are not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognised in profit or loss.

The practical expedient is required for entities applying IFRS 4 that are using the exemption from IFRS 9 (and, therefore, apply IAS 39) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Permitted changes include redefining the hedged risk to reference an RFR and redefining the description of the hedging instruments and/or the hedged items to reflect the RFR. Entities are allowed until the end of the reporting period, during which a modification required by IBOR reform is made, to complete the changes. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 and IAS 39 to measure and recognise hedge ineffectiveness.

Amounts accumulated in the cash flow hedge reserve aredeemed to be based on the RFR. The cash flow hedge reserve is released to profit or loss in the same period or periods in which the hedged cash flows based on the RFR affect profit or loss.

For the IAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero. This relief applies when the exception to the retrospective assessment ends.

Standards and interpretations not yet effective - continued

vii Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - continued

The amendments provide relief for items within a designated Company of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued. As items within the hedged Company transition at different times from IBORs to RFRs, they will be transferred to sub-Companys of instruments that reference RFRs as the hedged risk.

As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform. The phase two reliefs cease to apply once all changes have been made to financial instruments and hedging relationships, as required by IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. The relief allows entities upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months.

IFRS 7 Financial Instruments: Disclosures includes the following:

• How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform
• Disaggregated by each significant IBOR benchmark, quantitative information about financial instruments that have yet to transition to RFRs
• If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes

Effective for annual periods beginning on or after 1 January 2021

viii Amendments to IFRS 16 COVID-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Company.

3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Changes in accounting policies or measurement principles in light of new or revised standards are applied retrospectively, except as otherwise provided in the respective standard. The statement of profit or loss and other comprehensive income for the previous year and the opening statement of financial position for that year are adjusted as if the new accounting policies and/or measurement principles had always been applied.

i Impairment losses on debt instruments other than trade receivables measured at amortised cost

The measurement of impairment losses both under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

• The Company's internal/external credit grading model, which assigns Probability of Defaults (PDs) to the individual grades
• The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Life Time Expected Credit Loss (LTECL) basis and the qualitative assessment
• Development of ECL models, including the various formulas and the choice of inputs
• Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

ii Provision for expected credit losses of trade receivables

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

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

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

iii Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset ofa similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the entity's stand-alone credit rating).

iv Revaluation of building

The Company measures its office building on Ikorodu Road at revalued amounts, with changes in fair value being recognised in OCI. The office properties were valued by reference to transactions involving properties of a similar nature, location and condition. The Company engaged an independent valuer, Emma Ezeama &Co to assess fair values as at 31 December 2019 for the building on Ikorodu Road. The key assumptions used to determine the fair value of the building is provided in Note 20.

4 Financial instruments risk management objectives and policies- continued

The Company's principal financial liabilities comprise, customer deposits, borrowings and creditors and accruals. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include quoted and unquoted equity instruments, debt instruments measured at amortised costs and include treasury bills, government bonds trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

i Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Currency risk

The Company's principal transactions are carried out in Naira and has no exposure to foreign exchange risk. The balance in the domiciliary bank account is $50 (2019:$50).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed interest rate instruments expose the Company to fair value interest risk. The Company has no exposure to cash flow interest risk, because it does not have floating rate financial instruments.

Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The analysis below is performed for reasonably possible movements in key variables (share price) with all other variables held constant, showing the impact on equity (that reflects adjustments to profit before tax and changes in fair value of Equity instruments at fair value through OCI). The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

		31 December 2020	31 December 2019
in thousands of Nigerian Naira	Change in variable	Impact on equity	Impact on equity
Nigerian Stock Exchange	-5%	(14,401)	(12,166)
	5%	14,401	12,166
	-10%	(28,802)	(24,333)
	10%	28,802	24,333

ii Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Management of risk

The Company's policy over credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting specific high standards. Credit risk is monitored on a monthly basis by the Finance and Management Service (FMS) unit in accordance with the policies and procedures in place. Principal policies set in place include:

4 Financial instruments risk management objectives and policies- continued

Management of risk - continued

a Establishing an appropriate credit risk management environment

b Maintaining an appropriate credit administration, measurement and monitoring processes, including strict adherence to the investment rules and regulations set by the Securities and Exchange Commission (SEC); and

c Establishing an appropriate approval limits for investment of certain types and tenors.

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

	< 90 days	90-180 days	180-270 days	270-360 days	> 360 days	Total
Expected credit loss rate	2.80%	95.67%	96.10%	100.00%	100.00%	
Estimated total gross carrying amount at default	102,311	16,439	1,221	1,251	9,121	130,343
Expected credit loss as at 31 December 2020	2,867	15,798	1,168	1,251	9,121	30,205
Expected credit loss rate	2.63%	95.49%	95.67%	100.00%	100.00%	
Estimated total gross carrying amount at default	39,060	13,209	6,388	2,813	16,862	78,333
Expected credit loss as at 31 December 2019	1,027	12,480	6,112	2,813	16,862	39,295

iii Liquidity risk

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

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

31 December 2020 in thousands of Nigerian Naira	Carrying amount	1-6 months	1-5 years	Gross total
Cash and cash equivalents	1,005,752	1,005,752	-	1,005,881
Debt instruments at amortised cost	13,014,137	7,865,372	5,181,512	13,046,884
Trade receivables	100,139	130,343	-	130,343
Total financial assets	14,120,028	9,001,467	5,181,512	14,183,108
Accounts payable	86,574	86,574	-	86,574
Customers' deposits	8,639,683	8,639,683		
Total financial liabilities	86,574	86,574	-	86,574
Liquidity gap	14,033,454	8,914,893	5,181,512	14,096,534

4 Financial instruments risk management objectives and policies- continued

Liquidity risk - continued

31 December 2019 in thousands of Nigerian Naira	Carrying amount	1-6 months	6-12 months	1-5 years	Gross total
Cash and cash equivalents	1,622,185	1,622,315	-	-	1,622,315
Debt instruments at amortised cost	15,982,783	10,210,458	2,526,476	6,072,721	18,809,655
Trade receivables	78,333	78,333	-	-	78,333
Total financial assets	17,683,301	11,911,106	2,526,476	6,072,721	20,510,303
Accounts payable	32,139	32,139	-	-	32,139
Customers' deposits	9,644,466	9,644,466			
Total financial liabilities	32,139	32,139	-	-	32,139
Liquidity gap	17,651,162	11,878,967	2,526,476	6,072,721	20,478,164

iv Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of its capital structure. The capital structure of the Company consists of equity attributable to its equity holders, comprising issued capital, reserves and retained earnings as disclosed in the notes.

The Company's Board and management regularly review its capital structure. As part of this review, they consider 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.

in thousands of Nigerian Naira	2020	2019
Tier 1 Capital		
Share capital	1,000,000	1,000,000
Share premium	624,446	624,446
Fair value reserve	18,612	(20,728)
Retained earnings	6,655,999	6,609,970
	8,299,057	8,213,688
Total Regulatory minimum Capital	(150,000)	(150,000)
Capital surplus	8,149,057	8,063,688

4 Financial instruments risk management objectives and policies - Continued

v Fair value measurement

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

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
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.
Level 3:Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could 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.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2020

					Fair value measurement using		
					Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
in thousands of Nigerian Naira	Note	Carrying amount	Date of valuation	Fair value amount	Level 1	Level 2	Level 3
Assets measured at fair value:							
Quoted equity instruments at fair value through OCI		288,020	31-Dec-20	288,020	288,020	-	-
Assets for which fair values are disclosed:							
Debt instrument at amortised cost:							
Loans and advances		4,245,895	31-Dec-20	4,226,754	-	-	4,226,754
State government bonds		935,617	31-Dec-20	934,541	-	934,541	-

4 Financial instruments risk management objectives and policies - Continued

v Fair value measurement - Continued

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2019

					Fair value measurement using		
					Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
in thousands of Nigerian Naira	Note	Carrying amount	Date of valuation	Fair value amount	Level 1	Level 2	Level 3
Assets measured at fair value:							
Quoted equity instruments at fair value through OCI		243,328	31-Dec-19	243,328	243,328	-	-
Assets for which fair values are disclosed:							
Debt instrument at amortised cost:							
Treasury bills		1,899,721	31-Dec-19	2,034,207		2,034,207	-
Loans and advances		4,711,589	31-Dec-19	4,519,865		-	4,519,865

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	2020		2019	
in thousands of Nigerian Naira	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets:				
Loans and advances	4,245,895	4,226,754	4,711,589	4,519,865
State government bonds	935,617	934,541	-	-
Treasury bills	-	-	1,899,721	2,034,207
Total assets	5,181,512	5,161,295	6,611,310	6,554,072

4 Financial instruments risk management objectives and policies - Continued

Fair value of financial assets and liabilities
Below are the methodologies and assumptions used to determine fair values for those financial instruments in the financial statements:

Assets and liabilities for which fair value approximates carrying value
The management assessed that cash and bank, trade and other receivables, accounts payable and sundry creditors approximate their carrying amounts largely due to the short-term maturities of these instruments

Debt instrument at amortised cost - Nigerian Treasury Bills and State government bonds
The fair value of treasury bills and state government bonds are determined by reference to quoted yield to maturities of the instrument as published on the Financial Market Dealer Quotation (FMDQ) website. The fair values of the Nigerian Treasury Bills and State government bonds are classified under Level 2 in the fair value hierarchy. The FMDQ publishes the market yields on a daily basis, and the unadjusted yields are used to determine the prices.

Debt instrument at amortised cost - Loans and advances
The fair value of loans and advances was estimated using the maximum lending rate quoted on Central Bank of Nigeria website as at year end.

Quoted equity instruments at fair value through OCI
The fair values of the quoted equity instruments are derived from quoted market prices in active market, the Nigerian Stock Exchange (NSE).

6 Revenue from contracts with customers

6.1 Disaggregated revenue information

in thousands of Nigerian Naira	2020	2019
Types of services		
Fees from corporate actions	427,217	333,734
Register maintenance	210,808	188,020
Digital Technology Services	421,164	58,026
Retainership fees	-	922,461
	1,059,189	1,502,241
Geographical markets		
Nigeria	1,059,189	1,502,241
Timing of revenue recognition		
Services transferred over time	1,059,189	1,502,241

Contract assets are initially recognised for revenue earned from Software development contracts and corporate actions as receipt of consideration is conditional on successful implementations of these software projects and completion of corporate actions like declaration of dividends and Annual General Meeting (AGM). Upon completion of the services and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. There is no ongoing corporate actions services as at year end (2019: Nil).

Contract liabilities include short-term advances as well as transaction price allocated to unexpired service in respect of delivery of Annual Reports to shareholders for the Annual General Meeting (AGM). The amount is recognised in statement of profit or loss once the delivery services is completed.

6.2 Performance obligations

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

Retainership fees

The performance obligation is satisfied upon provision of the Market Intelligence Reports, Daily NSE Trade Monitoring & Reporting, Monthly stock Health Report and Weekly data Migration services. The invoices are raised on a quarterly basis. As at the year end, only the last quarter invoice is yet to be paid by the customers.

Fees from corporate actions

The performance obligation is satisfied over-time and payment is generally due upon completion of declaration of dividends and completion of Annual General Meeting. In some contracts, short-term advances are required before the services are provided.

Register maintenance

The performance obligation is satisfied through regular update of the client register and also attending to shareholders on their various requests. The monthly invoice is raised based on the number of shareholders attended to.

Digital Technology Services

The performance obligation is satisfied overtime upon delivery of digital solutions as a service to our clients. We provide services in software deployment, implementation and supports, systems analysis, design and implementation. The Digital consultancy business also provides training to our clients on the solutions deployed.

7 Interest income calculated based on effective interest method

in thousands of Nigerian Naira	2020	2019
Interest on loans and advances	2,163,626	1,923,104
Interest on treasury bills	200,280	437,372
Interest on bonds	73,099	4,631
Interest on short-term deposits	8,797	34,754
Interest income earned on staff loans	3,142	4,550
	2,448,944	2,404,412

8 Other income

in thousands of Nigerian Naira	Notes	2020	2019
Dividend income		25,758	22,572
Profit from disposal of plant and equipment		6,273	-
Others		367	28,913
		32,398	51,484

Others represent income from photocopy for customers and extraordinary income recognized during the financial year.

9 Credit loss reversal/(expenses)

in thousands of Nigerian Naira	Notes	Stage 1	Stage 2	Stage 3	Total
2020					
Cash in banks and short-term deposits		(1)	-	-	(1)
Debt instruments at amortised cost:					
Treasury bills		(1,933)	-	-	(1,933)
State government bonds		1,076	-	-	1,076
Loans and advances		1,334	-	-	1,334
Deposits with banks with maturity above 90days		881	-	-	881
		1,358	-	-	1,358
Trade and other receivables	19.1	(9,090)	-	-	(9,090)
		(7,733)	-	-	(7,733)
2019					
Cash in banks and short-term deposits		(2,106)	-	-	(2,106)
Debt instruments at amortised cost:					
Treasury bills		1,887	-	-	1,887
State government bonds		-	-	-	-
Loans and advances		-	(274,628)	-	(274,628)
Deposits with banks with maturity above 90days		10,503	-	-	10,503
		12,390	(274,628)	-	(262,238)
Trade and other receivables	19.1	18,353	-	-	18,353
		28,637	(274,628)	-	(245,991)

10 Personnel expenses

in thousands of Nigerian Naira	2020	2019
Wages and salaries	565,574	573,346
Medical expenses	28,527	25,994
Defined contribution plans	17,785	16,525
Other employee benefits	13,179	8,702
	625,065	624,567

11 Other operating expenses

in thousands of Nigerian Naira	Notes	2020	2019
Administrative expenses			
Professional fees		393,294	277,893
Internet and communication		100,036	100,894
Corporate social responsibility		85,789	47,895
Directors fees and other emoluments		47,683	50,850
Advert and business promotion		35,619	52,896
General administrative expenses		34,050	42,206
Travel expenses		31,264	52,179
Business and other entertainment		27,312	70,929
Rent & Utilities		23,525	32,525
Repairs and maintenance		17,758	24,174
Annual dues and subscription		15,151	19,797
Bank charges		12,933	11,858
Audit fees		10,000	10,000
Insurance		8,085	6,808
Training		7,617	29,947
Legal and professional expenses		5,215	14,246
AGM/EGM expenses		2,758	16,127
Back-duty assessment of VAT		-	133,913
Fixed assets disposal		-	3,486
Inventory writen off		-	3,432
		858,089	1,002,055

12 Finance costs calculated based on effective interest rate

Finance charges on lease liability	1,607	3,137
Interest on borrowings	-	101,030
	1,607	104,167

13 Income tax expense

The major components of income tax expense for the year ended 31 December 2020:

13.1 Income tax expense

in thousands of Nigerian Naira	Notes	2020	2019
Current income tax expense			
Income tax		542,040	592,104
Education tax		36,944	40,793
Capital gains tax		-	95
Nigerian Police Trust Fund		99	-
(Over)/Under provision in prior years		(49,492)	5,034
		529,591	638,026
Deferred tax:			
Tax impact of temporary differences	26	4,523	70,399
	13.2	534,113	708,425

13.2 Reconciliation of income tax expense

	2020	2019
Profit before income tax expense	1,980,142	2,389,454
Tax at Nigeria's statutory income tax rate of 30%	594,043	716,836
Effect of:		
Tax exempt income	(85,303)	(94,507)
Non-deductible expenses in determining taxable profit	37,784	40,174
Capital gains tax	-	95
Nigerian Police Trust Fund	99	-
Prior year under provision	(49,492)	5,034
Education tax @ 2% of assessable profit	36,944	40,793
Total tax charged for the year	534,113	708,425

14 Dividends paid and proposed

in thousands of Nigerian Naira	2020	2019
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend paid in 2020: ₦0.70 (2019: ₦0.50)	1,400,000	1,000,000
Total dividend paid	1,400,000	1,000,000
Proposed for approval at AGM (not recognised as a liability of dividends on ordinary shares at 31 December)	1,000,000	1,400,000
Proposed dividend for 2020: ₦0.50 (2019: ₦0.70)	1,000,000	1,400,000

15 Earnings per share

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

The following reflects the profit and share data used in the basic/diluted earnings per share computations:

in thousands of Nigerian Naira	2020	2019
Net profit	1,446,029	1,681,029
Weighted average number of ordinary shares for basic/diluted earnings per share	2,000,000	2,000,000
Basic/diluted earnings per ordinary share (Kobo)	72	84

There have been no other transactions involving ordinary share or potential ordinary share between the reporting date and the date of completion of these financial statements.

16 Cash and cash equivalents

As at in thousands of Nigerian Naira	Notes	31 December 2020	31 December 2019
Cash on hand		87	30
Current accounts with banks		331,251	230,729
Short-term deposits		674,543	1,391,556
		1,005,881	1,622,315
Allowance for credit loss impairment	16.1b	(129)	(130)
		1,005,752	1,622,185

Cash and cash equivalents in the statement of financial position comprise cash in banks and on hand and short term deposits with original maturity of three months or less. The fair value of cash and cash equivalents approximates their carrying amount.

16.1 Impairment allowance for current account with banks and short-term deposits measure at amortised cost

a The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

2020 in thousands of Nigerian Naira	Notes	Stage 1	Stage 2	Stage 3	Total
Performing					
High grade		-	-	-	-
Standard grade		1,005,794	-	-	1,005,794
Sub-standard grade		-	-	-	-
Past due but not impaired		-	-	-	-
Non-performing					
Individually impaired		-	-	-	-
		1,005,794	-	-	1,005,794

16.1 Impairment allowance for current account with bank and short-term deposits measure at amortised cost - continued

2019

in thousands of Nigerian Naira	Notes	Stage 1	Stage 2	Stage 3	Total
Performing					
High grade		-	-	-	-
Standard grade		1,622,284	-	-	1,622,284
Sub-standard grade		-	-	-	-
Past due but not impaired		-	-	-	-
Non-performing					
Individually impaired		-	-	-	-
		1,622,284	-	-	1,622,284

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

2020

in thousands of Nigerian Naira	Notes	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2020		1,622,284	-	-	1,622,284
New assets originated or purchased		1,005,794	-	-	1,005,794
Assets derecognised or repaid		(1,622,284)	-	-	(1,622,284)
At 31 December 2020		1,005,794	-	-	1,005,794

in thousands of Nigerian Naira	Notes	Stage 1	Stage 2	Stage 3	Total
ECL allowances as at 1 January 2020		130	-	-	130
New assets originated or purchased		129	-	-	129
Assets derecognised or repaid		(130)	-	-	(130)
Credit loss expense		(1)	-	-	(1)
At 31 December 2020		129	-	-	129

2019

in thousands of Nigerian Naira	Notes	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2019		2,562,125	-	-	2,562,125
New assets originated or purchased		1,622,284	-	-	1,622,284
Assets derecognised or repaid		(2,562,125)	-	-	(2,562,125)
Amount written off		-	-	-	-
At 31 December 2019		1,622,284	-	-	1,622,284

in thousands of Nigerian Naira	Notes	Stage 1	Stage 2	Stage 3	Total
ECL allowances as at 1 January 2019		2,235	-	-	2,235
New assets originated or purchased		130	-	-	130
Assets derecognised or repaid		(2,235)	-	-	(2,235)
Credit loss expense	9	(2,105)	-	-	(2,105)
At 31 December 2019		130	-	-	130

17 Investment securities

As at in thousands of Nigerian Naira	Notes	31 December 2020	31 December 2019
17.1 Equity instruments at fair value through Other Comprehensive Income (OCI)			
United Bank for Africa Plc		229,700	189,868
Medview Airline Plc		53,460	53,460
Transcorp Hotels Plc		4,860	-
		288,020	243,328

The equity instruments at fair value through other comprehensive income (OCI) are all investments in shares of listed companies whose fair values are determined by reference to published price quotations on the Nigerian Stock Exchange market.

The Company has designated its equity investments as equity investments at fair value through other comprehensive income (FVOCI) on the basis that these are not held for trading.

Movement in carrying amount:

in thousands of Nigerian Naira	Notes	2020	2019
At 1 January		243,328	5,055,257
Additions		5,352	-
Disposal		-	(3,748,000)
Fair value increase/(decrease) recorded in OCI		39,340	(1,063,929)
At 31 December		288,020	243,328

17.2 Debt instruments at amortised cost

	Notes	2020	2019
Treasury bills		-	1,899,721
State government bonds		935,617	-
Loans and advances		4,245,895	4,711,589
Deposits with banks with maturity above 90days		7,865,372	9,402,861
		13,046,884	16,014,171
Allowance for impairment	17.3	(32,747)	(31,388)
		13,014,137	15,982,783

17.3 Impairment allowance for debt instruments measured at amortised cost

a The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

2020

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade	-	-	-	-
Standard grade	13,046,884	-	-	13,046,884
Sub-standard grade	-	-	-	-
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
	13,046,884	-	-	13,046,884

2019

in thousands of Nigerian Naira	Stage 1	Stage 2	Stage 3	Total
Performing				
High grade	1,899,721	-	-	1,899,721
Standard grade	14,114,450	-	-	14,114,450
Sub-standard grade	-	-	-	-
Past due but not impaired	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
	16,014,171	-	-	16,014,171

17.3 Impairment allowance for debt instruments measured at amortised cost - continued

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

in thousands of Nigerian Naira		Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2020		16,014,171	-	-	16,014,171
New assets originated or purchased		8,335,294	-	-	8,335,294
Assets derecognised or repaid		(11,302,582)	-	-	(11,302,582)
At 31 December 2020		13,046,883	-	-	13,046,883

in thousands of Nigerian Naira		Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2019		9,657,986	3,072,503	-	12,730,489
New assets originated or purchased		13,023,135	-	-	13,023,135
Assets derecognised or repaid		(6,666,950)	(3,072,503)	-	(9,739,453)
Transfer to stage 2		-	-	-	-
At 31 December 2019		16,014,171	-	-	16,014,171

in thousands of Nigerian Naira		Stage 1	Stage 2	Stage 3	Total
c ECL allowances as at 1 January 2020		31,388	-	-	31,388
New assets originated or purchased		32,747	-	-	32,747
Assets derecognised or repaid		(31,388)	-	-	(31,388)
Credit Loss Expense	9	1,358	-	-	1,359
At 31 December 2020		32,746	-	-	32,747
ECL allowances as at 1 January 2019		126,988	166,638.00	-	293,626
New assets originated or purchased		31,388	-	-	31,388
Assets derecognised or repaid		(126,988)	(166,638.00)	-	(293,626)
Credit Loss Reversal	9	(95,600)	(166,638)	-	(262,238)
At 31 December 2019		31,388	-	-	31,388

18 Deposit for shares

As at in thousands of Nigerian Naira	31 December 2020	31 December 2019
Amount deposited as investment in Heirs Life and Insurance	2,770,000	-

19 Trade and other receivables

As at in thousands of Nigerian Naira		31 December 2020	31 December 2019
Financial assets			
Trade receivables		130,343	78,333
Allowances for expected credit losses	19.1	(30,205)	(39,295)
		100,139	39,038
Non-financial assets			
Withholding tax receivables		45,627	232,189
Prepaid directors emolument		19,125	36,875
Prepayments		133,775	104,480
At 31 December		298,665	412,582
Allowances for expected credit losses	19.1	(30,205)	(39,295)
At 31 December		298,665	412,582

19 Trade and other receivables - continued

Trade receivables are recognized and carried at original invoiced amount less an allowance for any impairment. An estimate of doubtful debt is made when collection of the full amount is no longer probable. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Included in prepayments are prepaid rent of NGN 1.6 million, prepaid staff advances of NGN 72.5 million and prepaid software development cost of NGN 37.8 million.

19.1 Allowances for expected credit losses on trade receivables

As at in thousands of Nigerian Naira	Notes	31 December 2020	31 December 2019
At 1 January		39,295	20,942
Allowance for expected credit losses	9	(9,090)	18,353
Written off		-	-
		30,205	39,295

19.2 Impairment allowance for Trade receivables and amount due with customers

a The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

2020 in thousands of Nigerian Naira	Notes	Stage 1	Stage 2	Stage 3	Total
Performing					
High grade		-	-	-	-
Standard grade		130,343	-	-	130,343
Sub-standard grade		-	-	-	-
Past due but not impaired		-	-	-	-
Non-performing					
Individually impaired		-	-	-	-
		130,343	-	-	130,343

19.2 Impairment allowance for Trade receivables and amount due with customers

2019 in thousands of Nigerian Naira	Notes	Stage 1	Stage 2	Stage 3	Total
Performing					
High grade		-	-	-	-
Standard grade		78,333	-	-	78,333
Sub-standard grade		-	-	-	-
Past due but not impaired		-	-	-	-
Non-performing					
Individually impaired		-	-	-	-
		78,333	-	-	78,333

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

2020 in thousands of Nigerian Naira	Notes	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2020		78,333	-	-	78,333
New assets originated or purchased		130,343	-	-	130,343
Assets derecognised or repaid		(78,333)	-	-	(78,333)
At 31 December 2020		130,343	-	-	130,343

in thousands of Nigerian Naira	Notes	Stage 1	Stage 2	Stage 3	Total

19.2 Impairment allowance for Trade receivables and amount due with customers - continued

	Notes	Stage 1	Stage 2	Stage 3	Total
ECL allowances as at 1 January 2020		39,295	-	-	39,295
New assets originated or purchased		9,090	-	-	9,090
Assets derecognised or repaid		(39,295)	-	-	(39,295)
Credit loss expense		(30,205)	-	-	(30,205)
At 31 December 2020		9,090	-	-	9,090

2019

in thousands of Nigerian Naira	Notes	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2019		171,323	-	-	171,323
New assets originated or purchased		78,333	-	-	78,333
Assets derecognised or repaid		(171,323)	-	-	(171,323)
Amount written off		-	-	-	-
At 31 December 2019		78,333	-	-	78,333

in thousands of Nigerian Naira	Notes	Stage 1	Stage 2	Stage 3	Total
ECL allowances as at 1 January 2019		20,942	-	-	20,942
New assets originated or purchased		(18,353)	-	-	(18,353)
Assets derecognised or repaid		(20,942)	-	-	(20,942)
Credit loss expense	0	(39,295)	-	-	(39,295)
At 31 December 2019		(18,353)	-	-	(18,353)

20 Property and equipment

in thousands of Nigerian Naira		Buidling	Computer equipment	Motor vehicles	Furniture, fitting & equipment	Total
Cost:						
At 1 January 2019		97,892	117,494	74,456	166,059	455,901
Additions during the year		2,165	16,263	460	44,886	63,774
Revaluation		100,851	-	-	-	100,851
Disposal		-	(4,917)	(486)	(22,647)	(28,050)
At 31 December 2019		200,908	128,840	74,430	188,298	592,476
Additions during the year		-	10,901	400	13,407	24,708
Disposal		-	(11,799)	(35,069)	(15,753)	(62,621)
At 31 December 2020		200,908	127,942	39,761	185,952	554,563
Accumulated depreciation:						
At 1 January 2019		14,555	83,075	34,842	112,454	244,926
Charge for the year		2,493	11,928	12,784	25,541	52,746
Disposal		-	(3,150)	(470)	(16,430)	(20,050)
At 31 December 2019		17,048	91,853	47,156	121,565	277,622
Charge for the year		5,022	13,519	10,046	25,054	53,641
Disposal		-	(11,315)	(32,493)	(15,467)	(59,275)
At 31 December 2020		22,070	94,057	24,709	131,152	271,988
Carrying amount						
At 31 December 2020	-	178,838	33,885	15,052	54,800	282,575
At 31 December 2019	-	183,860	36,987	27,274	66,733	314,854

20 Property and equipment - continued

i No leased assets are included in the above property and equipment (2019: Nil).

ii There were no capital commitment contracted or authorised as at the reporting date (2019: Nil).

iii There were no capitalised borrowing cost related to the acquisition of property and equipment during the year (2019: Nil).

iv None of the assets are pledged during the year (2019: Nil).

v No Valuation was carried out in the current year as valuation will be carried out every three (3) years. The last valuation done was in December 2019.

The Company's building on Ikorodu Road was professionally valued on 12 November 2019 by Emma Ezeama & Co Estate Surveyors and Valuers (FRC/2013/NIESV/00000638). The valuation which was based on open market value between a willing buyer and a willing seller produced a surplus amount of ₦100,385,000 which has been credited to the property, plant and equipment revaluation account. As a result of the valuation, the revised value of the building as at 31 December 2019 was ₦183,860,000. A net gain from the revaluation of the building of ₦70,596,000 in 2019 was recognised in Other Comprehensive Income.

The cost to date at the date of the initial revaluation in 2019 was ₦100,056,500. The property was valued in an open market by reference to the cost approach to value and the Income Approach to value was adopted to cross check the market value.

21 Lease

Company as a lessee

The Company has lease contracts for various offices used in its operations. Leases of offices space have lease terms between 3 and 5 years. There are no lease contracts that include extension and termination options and variable lease payments.

The Company also has certain leases of office building with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

21.1 Right-of-use-assets

in thousands of Nigerian Naira	Office buidling
Cost	
As at 1 January 2020	25,769
Disposal	(1,448)
At 31 December 2020	24,321
Accumulated depreciation	
As at 1 January 2020	11,044
Charged for the year	5,691
At 31 December 2020	16,735
Carrying amount	
At 31 December 2020	7,586
At 31 December 2019	14,725

21.2 Lease liabilities

As at 1 January	12,292	-
Adjustment on transition to IFRS 16	-	22,372
Accretion of interest	1,607	3,137
Payments	(6,701)	(13,217)
	7,198	12,292
At 31 December 2020	7,198	12,292
Maturity analysis of undiscounted cashflows		
Less than one year	7,687	13,217

21.3 The following are the amounts recognised in profit or loss:

Depreciation expense of right-of-use assets	5,691	11,044
Interest expense on lease liabilities	1,607	3,137
Expense relating to short-term leases	8,128	14,970
	15,426	29,151

22 Intangible assets

in thousands of Nigerian Naira	Computer software
Cost:	
At 1 January 2019	131,259
Additions during the year	7,500
At 31 December 2019	138,759
Additions during the year	26,988
At 31 December 2020	165,747
Accumulated amortisation and impairment	
At 1 January 2019	59,788
Amortisation charge for the year	20,095
At 31 December 2019	79,883
Charge for the year	24,029
At 31 December 2020	103,912
Carrying amount	
At 31 December 2020	61,835
At 31 December 2019	58,876

23 Customers' deposits

As at in thousands of Nigerian Naira	31 December 2020	31 December 2019
Dividend: ordinary shares	8,394,225	9,127,764
Return money - public offers	189,853	295,291
Brokerage: ordinary shares	2,853	178,659
Public offers	4,558	4,558
Interest: debentures	6,392	6,392
Redemption debentures	31,802	31,802
	8,629,683	9,644,466

The balance represents dividends, return monies and other interests received on behalf of clients.

23.1 Movement in customer deposits

Opening Balance	9,644,466	10,122,131
Amount received during the year	119,078,876	74,219,667
Amount paid out during the year	(120,083,659)	(74,697,332)
	8,639,683	9,644,466

24 Creditors and accruals

As at in thousands of Nigerian Naira	31 December 2020	31 December 2019
Accounts payable	76,395	21,289
Accrued expenses	10,179	10,850
	86,574	32,139

Terms and conditions of the above financial liabilities:
- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables are non-interest bearing and have an average term of six months.

25 Current income tax payable

As at in thousands of Nigerian Naira	Notes	31 December 2020	31 December 2019
At the beginning of the year:		634,296	447,487
Current income tax charge			
Company income tax		542,040	592,104
Education tax		36,944	40,793
Capital gains tax		-	95
Nigerian Police Trust Fund		99	-
(Over)/under provision in prior years		(49,492)	5,034
	13.1	529,591	638,026
Payments during the year			
Withholding tax credit utilised		(211,327)	(316,774)
Payments during the year		(373,477)	(134,443)
		(584,804)	(451,217)
Balance at the end of the year		579,083	634,296

The charge for income tax in these financial statement is based on the provisions of the Companies Income Tax Act CAP C21 LFN 2004 as amended and the Education Tax Act CAP E4 LFN 2004 and the Nigerian Information technology Development Agency (NITDA) Act 2007.

26 Deferred tax liabilities/(assets)

As at in thousands of Nigerian Naira		31 December 2020	31 December 2019
At the beginning of the year:		41,856	(58,797)
Tax expense during the period recognised in profit or loss	13.1	4,523	74,936
Impact of IFRS 16 Leases	13.1	-	(4,537)
Deferred tax on revaluation of building		-	30,254
Balance at the end of the year		46,379	41,856

Movement in deferred tax during the year relates to the following:

in thousands of Nigerian Naira	Opening balance	Recognised in profit/(loss)	Recognised in OCI	Closing balance
31 December 2020				
Property, equipment and software	38,799	-	-	38,799
Provisions	(12,574)	4,523	-	(8,051)
Expected credit losses	(10,086)	-	-	(10,086)
IFRS 16- Leases	(4,537)	-		(4,537)
Revaluation of building	30,254	-	-	30,254
	41,856	4,523	-	46,379
31 December 2019				
Property, equipment and software	36,647	2,152	-	38,799
Provisions	(6,701)	(5,873)	-	(12,574)
Expected credit losses	(88,743)	78,657	-	(10,086)
IFRS 16- Leases	-	(4,537)		(4,537)
Revaluation of building	-	-	30,254	30,254
	(58,797)	70,399	30,254	41,856

27 Share capital and equity reserve

As at in thousands of Nigerian Naira	31 December 2020	31 December 2019
27.1 Authorised share capital		
Two billion ordinary shares of 50k each	1,000,000	1,000,000
Issued and fully paid:		
Two billion ordinary shares of 50k each	1,000,000	1,000,000
27.2 Share premium		
At 31 December	624,446	624,446
27.3 Fair value reserve		
At the beginning of the year:	(20,728)	1,043,202
Fair value gain/(loss) on equity instruments	39,340	(20,728)
Disposal of unquoted equity	-	(1,043,202)
	18,612	(20,728)
27.4 Retained earnings		
At the beginning of the year:	6,613,151	5,932,122
Dividends declared and paid	(1,400,000)	(1,000,000)
Profit for the year	1,446,029	1,681,029
	6,659,180	6,613,151
27.5 Revaluation reserve		
At the beginning of the year:	70,596	-
Revaluation surplus on building	-	100,850
Tax on revaluation surplus	-	(30,254)
	70,596	70,596

28 Related party transactions

Key management personnel

Key management personnel constitutes those individuals who have the authority and the responsibility for planning, directing and controlling the activities of Africa Prudential Plc, directly or indirectly.

The key management personnel of the Company include all directors (executive and non-executive) and senior management. The summary of compensation of key management personnel for the year is as follows:

in thousands of Nigerian Naira	2020	2019
Emolument of directors		
Directors fees & other emoluments		
Chairman	8,800	8,800
Other directors	38,883	42,050
	47,683	50,850
Fees	12,500	13,000
Other emoluments	35,183	37,850
	47,683	50,850
The total number of Directors	6	6
Highest Paid Director	8,800	8,800

28 Related party transactions - continued

Staff numbers and costs
The number of persons employed (excluding directors) in the company during the year was as follows:

	2020	2019
₦600,001 - ₦800,000	-	-
₦800,001 - ₦1,200,000	14	18
₦1,200,001 - ₦2,000,000	22	17
₦2,000,001 - ₦3,000,000	10	8
₦3,000,001 - ₦5,000,000	23	14
₦5,000,001 - ₦7,000,000	6	5
₦7,000,001 - ₦8,000,000	2	6
₦8,000,001 - ₦10,000,000	2	-
₦10,000,001 - Above	12	8
	91	76

29 Contingent liabilities and commitments

The Company is involved in various litigation suits in the ordinary course of its business. The actions are being contested and the Directors are of the opinion that none of the cases are likely to have a material adverse effect on the Company.

30 Capital commitments
The Company had no capital commitments as at 31 December 2020 (31 December 2019: Nil).

31 Subsequent events

There were no events subsequent to the financial position date which require adjustment to or disclosures in the financial statements.

32 Contraventions
There were no penalties arising from contraventions during the year (2019: Nil penalty was paid).

STATEMENT OF VALUE ADDED

in thousands of Nigerian Naira	2020	%	2019	%
Gross earnings	3,508,133		3,906,653	
Bought in material and services	(823,648)		(715,624)	
Total Value Added	2,684,485		3,191,029	
Applied as follows:				
To pay employees				
- as salaries, wages and other benefits	625,065	23	624,567	19
To pay providers of capital:				
- Finance charges	1,607	-	104,167	3
To provide for Government				
- as company taxation	529,591	20	638,026	20
For expansion				
- as Depreciation	53,641	2	52,746	2
- as Amortisation	24,029	1	20,095	1
- as Deferred taxation	4,523	-	70,399	2
- as profit for the year	1,446,029	54	1,681,029	53
	2,684,485	100	3,191,029	100

The value added statement represents the wealth created by the efforts of the company and its employees' efforts based on ordinary activities and the allocation of that wealth being created between employees, shareholders, government and that retained for the future creation of more wealth.

FIVE-YEAR FINANCIAL SUMMARY

As at in thousands of Nigerian Naira	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Cash and cash equivalents	1,005,752	1,622,185	2,559,899	4,177,568	4,666,989
Investment securities	13,302,157	16,226,111	17,492,120	17,009,887	11,252,950
Deposit for shares	2,770,000	-	-	-	-
Trade and other receivables	298,665	412,582	875,056	329,177	410,531
Inventory	-	-	3,432	16,578	15,710
Property and equipment	282,575	314,854	210,975	223,683	202,269
Right-of-use-assets	7,586	14,725			
Intangible asset	61,835	58,876	71,471	176,614	273,231
Deferred tax assets	-	-	58,797	-	-
Total assets	17,728,570	18,649,333	21,271,750	21,933,507	16,821,680
Liabilities					
Customers' deposits	8,639,683	9,644,466	10,122,131	10,792,264	11,742,697
Creditors and accruals	86,574	32,139	63,104	330,913	382,031
Lease liabilities	7,198	12,292			
Interest bearing borrowing	-	-	2,042,439	3,612,328	-
Income tax payable	579,083	634,296	447,487	224,407	144,856
Deferred tax liabilities	46,379	41,856	-	34,110	1,322
Total liabilities	9,358,917	10,365,049	12,675,161	14,994,022	12,270,906
Total net assets	8,369,653	8,284,284	8,596,589	6,939,485	4,550,774
Share capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Share premium	624,446	624,446	624,446	624,446	624,446
Revaluation reserve	70,596	70,596	-	-	-
Fair value reserves	18,612	(20,728)	1,043,202	428,387	(845,546)
Retained earnings	6,655,999	6,609,970	5,928,941	4,886,652	3,771,874
Shareholders' funds	8,369,653	8,284,284	8,596,589	6,939,485	4,550,774
Total liabilities and equity	17,728,570	18,649,333	21,271,750	21,933,507	16,821,680
Revenue	3,508,133	3,906,653	4,488,748	3,315,816	2,447,717
Operating expenses	(1,558,782)	(1,464,516)	(1,723,538)	(1,165,794)	(1,001,781)
Profit before tax	1,980,142	2,389,454	2,397,920	2,066,894	1,445,936
Profit after tax	1,446,029	1,681,029	1,956,081	1,714,778	1,019,173
Earnings per share	72	84	98	86	51

Earnings per share is computed on the profit after taxation and the shareholders fund on the basis of the number of shares issued as at the statement of financial position date.