Africa Prudential

# AFRICA PRUDENTIAL PLC
# LAGOS, NIGERIA

## UNAUDITED FINANCIAL STATEMENTS
## FOR THE PERIOD ENDED 31 MARCH 2022

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**FOR PERIOD ENDED 31 MAR 2022**

| | | |
|---|---|---|
| **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 |
| | Mr. Peter Ashade | Non-Executive Director |
| | Mr. Emmanuel Nnorom | Non-Executive Director |
| | Mrs. Fumbi Chima | Independent Non-Executive Director |
| | Hajia Zubaida Mahey Rasheed | Independent Non-Executive Director |
| **Registered Office** | 220b, Ikorodu Road<br>Palmgrove, Lagos | |
| **Company Secretary** | Joseph Jibunoh<br>FRC/2018/NBA/00000017719 | |
| **Auditors** | Ernst & Young<br>UBA House, $10^{th}$ and $13^{th}$ Floors<br>57 Marina, Lagos | |
| **Banker** | United Bank for Africa Plc | |
| **RC No.** | 649007 | |

## AFRICA PRUDENTIAL PLC

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| *For the period ended March 31, 2022* *in thousands of Nigerian Naira* | Notes | 3 Months 31 Mar 2022 | 3 Months 31 Mar 2021 |
|---|---|---|---|
| Revenue from contracts with customers | 6.2 | 448,328 | 357,342 |
| Interest income | 7 | 459,449 | 468,290 |
| **Gross Revenue** | | **907,777** | **825,632** |
| Other income | 8 | 50 | 885 |
| Credit loss expense | 9 | (1,425) | (545) |
| Personnel expenses | 10 | (150,813) | (128,647) |
| Other operating expenses | 11 | (183,102) | (198,061) |
| Depreciation of property and equipment | 20 | (11,523) | (12,841) |
| Depreciation of right of use assets | 21.1 | (1,423) | (1,423) |
| Amortisation of intangible assets | 22 | (6,975) | (6,488) |
| **Profit before finance costs and tax** | | **552,566** | **478,512** |
| Finance costs | 12 | (310) | (310) |
| **Profit before income tax expense** | | **552,256** | **478,202** |
| Income tax expense | 13.1 | (149,109) | (96,848) |
| **Profit after tax** | | **403,147** | **381,354** |
| **Other comprehensive income** | | | |
| ***Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):*** | | | |
| Net loss on quoted equity instruments at fair value through other comprehensive income | 27 | (9,388) | (44,098) |
| **Total other comprehensive loss for the year, net of tax** | | **(9,388)** | **(44,098)** |
| **Total comprehensive income for the year, net of tax** | | **393,759** | **337,256** |
| Basic and diluted earnings per share (Kobo) | 15 | 20 | 19 |

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

## STATEMENT OF FINANCIAL POSITION

| *For the period ended* *in thousands of Nigerian Naira* | Notes | 31 March **2022** | 31 December **2021** |
|---|---|---|---|
| ***Assets*** | | | |
| Cash and cash equivalents | 16 | 959,085 | 866,192 |
| Equity instruments at fair value through OCI | 17.1 | 265,102 | 274,490 |
| Debt instruments at amortised cost | 17.2 | 12,002,262 | 10,902,922 |
| Deposit for shares | 18 | 2,770,000 | 2,770,000 |
| Trade and other receivables | 19 | 798,284 | 625,626 |
| Property and equipment | 20 | 249,813 | 256,739 |
| Right-of-use-assets | 21.1 | 5,449 | 6,872 |
| Intangible assets | 22 | 54,360 | 61,335 |
| **Total assets** | | **17,104,355** | **15,764,176** |
| ***Liabilities*** | | | |
| Customers' deposits | 23 | 7,881,378 | 6,199,925 |
| Creditors and accruals | 24 | 220,405 | 104,857 |
| Lease liabilities | 21.2 | 6,829 | 6,519 |
| Current income tax payable | 25 | 778,538 | 629,429 |
| Deferred tax liabilities | 26 | 52,656 | 52,656 |
| Total liabilities | | 8,939,806 | 6,993,386 |
| ***Equity*** | | | |
| Share capital | 27 | 1,000,000 | 1,000,000 |
| Share premium | 27 | 624,446 | 624,446 |
| Fair value reserve | 27 | (4,306) | 5,082 |
| Retained earnings | 27 | 6,473,813 | 7,070,666 |
| Revaluation reserve | 27 | 70,596 | 70,596 |
| Total equity | | 8,164,549 | 8,770,790 |
| **Total liabilities and equity** | | **17,104,355** | **15,764,176** |

The financial statements and accompanying notes to the financial statements were approved and authorised for issue by the Board of Directors on xx April 2022 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

Anu Akindolire (Chief Finance Officer)
FRC/2021/ICAN/00000024356

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 period ended March 31, 2022*

| *in thousands of Nigerian Naira* | Note | **Share capital** | **Share premium** | **Revaluation reserve** | **Fair value reserve** | **Retained earnings** | **Total equity** |
|---|---|---|---|---|---|---|---|
| **As at 1 January 2022** | | 1,000,000 | 624,446 | 70,596 | 5,082 | 7,070,666 | **8,770,790** |
| Profit for the period | | - | - | - | - | 403,147 | **403,147** |
| Other comprehensive loss for the period | | - | - | - | (9,388) | - | **(9,388)** |
| **Total other comprehensive income for the year, net of tax** | | - | - | - | (9,388) | 403,147 | **393,759** |
| ***Transactions with owners of equity*** | | | | | | | |
| Dividends declared | 14 | - | - | - | - | (1,000,000) | **(1,000,000)** |
| **Total transactions with owners of equity** | | - | - | - | - | (1,000,000) | **(1,000,000)** |
| ***As at 31 March 2022*** | | **1,000,000** | **624,446** | **70,596** | **(4,306)** | **6,473,812** | **8,164,548** |
| **As at 1 January 2021** | | 1,000,000 | 624,446 | 70,596 | 18,612 | 6,655,999 | **8,369,653** |
| Profit for the period | | - | - | - | - | 381,354 | **381,354** |
| Other comprehensive loss for the period | | - | - | - | (44,098) | - | **(44,098)** |
| **Total other comprehensive income for the period, net of tax** | | - | - | - | (44,098) | 381,354 | **337,256** |
| ***Transactions with owners of equity*** | | | | | | | |
| Dividends declared | 14 | - | - | - | - | (1,000,000) | **(1,000,000)** |
| **Total transactions with owners of equity** | | - | - | - | - | (1,000,000) | **(1,000,000)** |
| ***As at 31 March 2021*** | | **1,000,000** | **624,446** | **70,596** | **(25,486)** | **6,037,353** | **7,706,909** |
| **As at 1 January 2021** | | 1,000,000 | 624,446 | 70,596 | 18,612 | 6,655,999 | **8,369,653** |
| Profit for the year | | - | - | | - | 1,414,667 | **1,414,667** |
| Other comprehensive income for the year | | - | - | | (13,530) | - | **(13,530)** |
| **Total other comprehensive income for the year, net of tax** | | - | - | | (13,530) | 1,414,667 | **1,401,137** |
| ***Transactions with owners of equity*** | | | | | | | |
| Dividends declared and paid | 14 | | - | | - | (1,000,000) | **(1,000,000)** |
| **Total transactions with owners of equity** | | - | - | | - | (1,000,000) | **(1,000,000)** |
| ***As at 31 December 2021*** | | **1,000,000** | **624,446** | **70,596** | **5,082** | **7,070,666** | **8,770,790** |

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

**AFRICA PRUDENTIAL PLC**

**STATEMENT OF CASH FLOWS**

| *For the period ended March 31, 2022*<br>*in thousands of Nigerian Naira* | Notes | **31 March 2022** | **31 March 2021** |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before income tax expense | | 552,256 | 478,202 |
| ***Adjustment to reconcile profit before tax to net cash flows*** | | | |
| Depreciation of propert, plant and equipment | 20 | 11,523 | 12,841 |
| Amortization of intangible assets | 22 | 6,975 | 6,488 |
| Depreciation of right-of-use asset | 21.1 | 1,423 | 1,423 |
| Impairment reversal on financial assets | 9 | (1,425) | 545 |
| Interest income | 7 | (459,449) | (468,290) |
| Finance costs | 12 | 310 | 310 |
| ***Changes in working capital*** | | | |
| Changes in trade and other receivables | | (172,658) | (911,897) |
| Changes in customers' deposits | | 1,681,453 | 13,857,122 |
| Changes in creditors and accruals | | 115,548 | 104,858 |
| Interest received | | 461,185 | 878,801 |
| Interest paid | | (310) | (310) |
| ***Net cash (used in)/from operating activities*** | | 2,196,831 | 13,960,093 |
| **Cash flows from investing activities** | | | |
| Purchase of property, Plant and equipment | 20 | (4,597) | (5,565) |
| Purchase of debt instrument at amortised cost | | (1,620,000) | (454,662) |
| Disposal of debt instrument at amortised cost | | 520,660 | - |
| *Net cash flows from/(used in) investing activities* | | (1,103,938) | (460,228) |
| **Financing activities** | | | |
| Dividends paid | 14 | (1,000,000) | (1,000,000) |
| *Net cash flows (used in)/from financing activities* | | (1,000,000) | (1,000,000) |
| **Net decrease in cash and cash equivalents** | | 92,893 | 12,499,866 |
| Cash and cash equivalents as at 1 January | 16 | 866,192 | 1,005,752 |
| **Cash and cash equivalents as at period end** | 16 | **959,085** | **13,505,618** |

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

**AFRICA PRUDENTIAL PLC**
**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 23rd 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 is a leading Registrar, Investor Services and Business Support Solutions (digital technology) provider with close to five decades' of top-class experience in the Nigerian Capital Market, and currently managing over 80 corporate client services to both public and private companies.
The Company's registered office address is 220B, Ikorodu Road, Palmgrove, Lagos Nigeria.

## 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 of acquisition, construction or production, with the exception of the items reflected at fair value.

### 2.3 Statement of Compliance

The financial report 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 for the financial year starting from 1 January 2014. The financial statements comply with the requirements of Companies and Allied Matters Act CAP C20 LFN 2004.

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, the statement of cash flows, summary of significant accounting policies and the notes to the financial statements.

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 from 1 January to 31 March 2022, with comparative figures for the financial year from 1 January to 31 December 2021.

### 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. Our 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:- We 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 ratably over the period in which the services are provided

Registrar (Share Registration) fees:- which 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 trade receivables, and loan to staff, bonds and treasury bills included under other non-current financial assets.

***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:

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

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

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

***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 the statement of 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 is 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:

| | |
|---|---|
| Land | Not depreciated |
| 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.

2.6.8 **Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

### 2.6.8 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.

### 2.6.9 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.

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 (including any period covered by an extension option) 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.

### 2.6.10 Share capital and reserves

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

### 2.6.11 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.

3 **Changes in accounting policies and disclosures**

***New and amended standards and interpretations***

3 ***Changes in accounting policies and disclosures***

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 and IAS 39 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 groupings 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.

iv **Valuation of unquoted equity**

When the fair values of financial assets recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as discount rate (cost of capital), cashflows forecast and terminal growth rate.

iv **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).

4 **Financial instruments risk management objectives and policies**

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, bonds 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.

***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. 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.

4

## Financial instruments risk management objectives and policies

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.

iii **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:

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.

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* | *2022* | *2021* |
|---|---|---|
| **Tier 1 Capital** | | |
| Share capital | 1,000,000 | 1,000,000 |
| Share premium | 624,446 | 624,446 |
| Fair value reserve | 66,290 | 75,678 |
| Retained earnings | 6,473,813 | 7,070,666 |
| | 8,164,549 | 8,213,688 |
| Total Regulatory minimum Capital | (150,000) | (150,000) |
| Capital surplus | **7,701,919** | **8,063,688** |

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.

v **Fair value measurement**

***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, placement with banks above 90 days, trade and other receivables, accounts payable, sundry creditors and customer deposits 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 bond 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.

Equity instruments at fair value through OCI - Quoted

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

Equity instruments at fair value through OCI - Unquoted

The fair values of the non-listed equity investments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.

Borrowing

The fair value of borrowing was estimated using the maximum lending rate quoted on Central Bank of Nigeria website as at year end.

5 **Standards issued but not yet effective**

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

**IFRS 17 Insurance Contracts**

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

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model 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 2021, 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.

6.1 **Revenue from contracts with customers**

6.2 **Disaggregated revenue information**

| *in thousands of Nigerian Naira* | **3 Months 31 March 2022** | **3 Months 31 March 2021** |
|---|---|---|
| **Types of services** | | |
| Fees from corporate actions | 66,235 | 164,828 |
| Registrar maintenance | 42,430 | 93,242 |
| Digital Technology Services | 309,884 | 99,272 |
| | 418,549 | 357,342 |
| **Geographical markets** | | |
| Nigeria | 418,549 | 357,342 |
| **Timing of revenue recognition** | | |
| Services transferred over time | 418,549 | 357,342 |

6.3 **Contract balances**

| As at *in thousands of Nigerian Naira* | Notes | **31 March 2022** |
|---|---|---|
| Trade receivables | 19 | 491,154 |
| Allowances for expected credit losses on trade receivables | 19.1 | (56,812) |
| | | 434,342 |

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Contract assets are initially recognised for revenue earned from corporate actions as receipt of consideration is conditional on successful 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 period end (2021: 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 and other comprehensive income once the delivery services is completed.

6.4 Performance obligations

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

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 Consulatancy

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**

| *in thousands of Nigerian Naira* | **3 Months 31 March 2022** | **3 Months 31 March 2021** |
|---|---|---|
| Interest on loans and advances | 418,743 | 436,362 |
| Interest on bonds | 40,160 | 27,967 |
| Interest on short-term deposits | 546 | 3,961 |
| Interest income earned on staff loans | - | - |
| | 459,449 | 468,290 |

8 **Other income**

| *in thousands of Nigerian Naira* | Notes | **3 Months 31 March 2022** | **3 Months 31 March 2021** |
|---|---|---|---|
| Withholding tax credit notes recovered | 8.1 | - | - |
| Dividend income | | - | - |
| Profit from disposal of plant and equipment | | - | - |
| other income | | 50 | 885 |
| | | 50 | 885 |

9 **Credit loss reversal/(expenses )**

| *in thousands of Nigerian Naira* | Notes | Stage 1 | Stage 3 | **31 March 2022** | **31 December 2021** |
|---|---|---|---|---|---|
| Cash in banks and short-term deposits | | - | - | - | (98) |
| ***Debt instruments at amortised cost:*** | | | | | |
| Treasury bills | | - | - | - | - |
| State government bonds | | - | - | - | 7,578 |
| Loans and advances | | - | - | - | (19,140) |
| Deposits with banks with maturity above 90 days | | (1,425) | - | (1,425) | 9,598 |
| | | **(1,425)** | **-** | **(1,425)** | **(1,964)** |
| Trade and other receivables | | - | - | - | 29,125 |
| | | **(1,425)** | **-** | **(1,425)** | **27,063** |

10 **Personnel expenses**

| *in thousands of Nigerian Naira* | **3 Months 31 March 2022** | **3 Months 31 March 2021** |
|---|---|---|
| Wages and salaries | 144,773 | 120,215 |
| Medical expenses | 412 | 2,914 |
| Defined contribution plans | 5,287 | 4,816 |
| Other employee benefits | 341 | 702 |
| | 150,813 | 128,647 |

11 **Other operating expenses**

| *in thousands of Nigerian Naira* | Notes | **3 Months 31 March 2022** | **3 Months 31 March 2021** |
|---|---|---|---|
| ***Administrative expenses*** | | | |
| Professional fees | | 68,503 | 95,627 |
| Internet and communication | | 29,976 | 26,168 |
| Business and other entertainment | | 8,354 | 4,693 |
| Advert and business promotion | | 187 | 2,878 |
| Travel expenses | | 6,182 | 3,708 |
| Directors fees and other emoluments | | 17,469 | 20,389 |
| Corporate social responsibility | | 10,000 | 9,850 |
| Rent & Utilities | | 8,090 | 5,315 |
| Training | | 4,392 | 2,077 |
| Repairs and maintenance | | 3,100 | 5,032 |
| Annual dues and subscription | | 7,754 | 4,145 |
| AGM/EGM expenses | | 11,366 | 10,944 |
| Legal and professional expenses | | 1,238 | 1,221 |
| Bank charges | | 1,518 | 2,488 |
| Audit fees | | 2,500 | 2,500 |
| Insurance | | 2,473 | 1,026 |
| | | 183,102 | 198,061 |

12 **Finance costs**

| | | | |
|---|---|---|---|
| Finance charges on lease liability | 21.2 | 310 | 310 |
| | | 310 | 310 |

## 13 Income tax expense

The major components of income tax expense for the period ended

### 13.1 *Income tax expense*

| *in thousands of Nigerian Naira* | **3 Months 31 March 2022** | **3 Months 31 March 2021** |
|---|---|---|
| Current income tax expense | | |
| Income tax | 136,521 | 90,795 |
| Education tax | 12,588 | 6,053 |
| Capital gains tax | | - |
| Under/(over) provision in prior years | - | - |
| | 149,109 | 96,848 |
| ***Deferred tax:*** | | |
| Tax impact of temporary differences | - | - |
| | 149,109 | 96,848 |

### 13.2 *Reconciliation of income tax expense*

| | | |
|---|---|---|
| Profit before income tax expense | 552,256 | 478,202 |
| Tax at Nigeria's statutory income tax rate of 30% | 165,677 | 143,461 |
| ***Effect of:*** | | |
| Tax exempt income | (35,542) | (64,163) |
| Non-deductible expenses in determining taxable profit | 6,386 | 11,497 |
| Nigeria Police Trust Fund | | - |
| Prior year under provision | - | - |
| Education tax @ 2% of assessable profit | 12,588 | 6,053 |
| Total tax charged for the year | 149,109 | 96,848 |

## 14 Dividends paid and proposed

| *in thousands of Nigerian Naira* | **31 March 2022** | **31 December 2021** |
|---|---|---|
| ***Declared and paid during the year*** | | |
| Equity dividends on ordinary shares: | | |
| Final dividend paid in 2022: ₦0.50 (2021: ₦0.50) | 1,000,000 | 1,400,000 |
| Total dividend paid | 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* | **3 Months 31 March 2022** | **3 Months 31 March 2021** |
|---|---|---|
| Net profit | 403,147 | 381,354 |
| 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) | 20 | 19 |

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<br>*in thousands of Nigerian Naira* | Notes | **31 March 2022** | **31 December 2021** |
|---|---|---|---|
| Cash on hand | | 194 | 45 |
| Current accounts with banks | | 415,383 | 670,232 |
| Short-term deposits | | 543,509 | 195,916 |
| | | 959,085 | 866,193 |
| Allowance for credit loss impairment | | - | (32) |
| | | 959,085 | 866,161 |

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.

## 17 Investment securities

| As at<br>*in thousands of Nigerian Naira* | Notes | 31 March<br>2022 | 31 December<br>2021 |
|---|---|---|---|
| 17.1 Equity instruments at fair value through Other Comprehensive income (OCI) | | | |
| United Bank for Africa | | 204,473 | 213,767 |
| Medview Airline Plc | | 53,460 | 53,460 |
| Transcorp Hotel Plc | | 7,169 | 7,263 |
| Quoted equity shares | | 265,102 | 274,490 |

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

| **Movement in carrying amount:** | | |
|---|---|---|
| At 1 January | 274,490 | 288,020 |
| Fair value decrease recorded in OCI | (9,388) | (13,530) |
| At the period | **265,102** | 274,490 |

### 17.2 Debt instruments at amortised cost

| As at<br>*in thousands of Nigerian Naira* | 31 March<br>2022 | 31 December<br>2021 |
|---|---|---|
| Corporate bonds | 1,326,203 | 1,286,044 |
| Loans and advances | 4,362,445 | 4,258,908 |
| Deposits with banks with maturity above 90 days | 7,865,372 | 4,789,789 |
| | 12,034,470 | 10,933,705 |
| Impairment allowance for debt instruments at amortised cost | (32,208) | (30,783) |
| At period end | 12,002,262 | 10,902,922 |

## 18 Deposit for Shares

| As at<br>*in thousands of Nigerian Naira* | 31 March<br>2022 | 31 December<br>2021 |
|---|---|---|
| Amount Deposited as investment in Heirs Life and Insurance | 2,770,000 | 2,770,000 |

## 19 Trade and other receivables

| As at<br>*in thousands of Nigerian Naira* | Notes | 31 March<br>2022 | 31 December<br>2021 |
|---|---|---|---|
| **Financial assets** | | | |
| Trade debtors | | 491,154 | 430,028 |
| **Non-financial assets** | | | |
| Withholding tax receivables | | 71,433 | 51,283 |
| Prepaid directors emolument | | 53,006 | 17,625 |
| Prepayments | | 239,503 | 183,502 |
| | | 855,096 | 682,439 |
| trade receivables | 19.1 | (56,812) | (56,812) |
| At period end | | 798,284 | 625,626 |

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.

### 19.1 *Allowances for expected credit losses on trade receivables*

| As at<br>*in thousands of Nigerian Naira* | Notes | 31 March<br>2022 | 31 December<br>2021 |
|---|---|---|---|
| At 1 January | | 56,812 | 30,205 |
| Allowance for expected credit losses | 9 | - | 29,125 |
| Written off/(Write back) | | - | (2,518) |
| | | 56,812 | 56,812 |

20 **Property Plant and equipment**

| *in thousands of Nigerian Naira* | Buidling | Computer equipment | Motor vehicles | Furniture, fitting & equipment | Total |
|---|---|---|---|---|---|
| ***Cost:*** | | | | | |
| At 1 January 2021 | 200,908 | 127,942 | 39,761 | 185,952 | 554,563 |
| Additions during the year | - | 12,772 | - | 9,185 | 21,957 |
| Disposal | - | (4,111) | - | (3,036) | (7,147) |
| At 1 January 2022 | 200,908 | 136,603 | 39,761 | 192,101 | 569,373 |
| Additions during the period | - | 4,597 | - | - | 4,597 |
| **As at period end** | **200,908** | **141,200** | **39,761** | **192,101** | **573,970** |
| ***Accumulated depreciation:*** | | | | | |
| At 1 January 2021 | 22,070 | 94,057 | 24,709 | 131,152 | 271,988 |
| Charge during the year | 5,023 | 14,050 | 7,952 | 20,187 | 47,212 |
| Disposal | - | (3,530) | - | (3,036) | (6,566) |
| At 1 January 2022 | 27,093 | 104,577 | 32,661 | 148,303 | 312,634 |
| Charge for the period | 1,255 | 3,475 | 1,988 | 4,805 | 11,523 |
| **As at period end** | 28,348 | 108,052 | 34,649 | 153,108 | 324,157 |
| **Carrying amount** | | | | | |
| At 31 March 2022 | 172,560 | 33,148 | 5,112 | 38,993 | 249,813 |
| At 31 December 2021 | 173,815 | 32,025 | 7,100 | 43,798 | 256,739 |

i No leased assets are included in the above property, plant and equipment (2021: Nil).

ii There were no capital commitment contracted or authorised as at the reporting date (2021: Nil).

iii There were no capitalised borrowing cost related to the acquisition of property and equipment during the year (2021: Nil).

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 2022 | 28,760 |
| Additions | - |
| At period end | 28,760 |
| ***Accumulated depeciation*** | |
| As at 1 January 2022 | 21,888 |
| Charge for the period | 1,423 |
| At period end | 23,312 |
| **Carrying amount** | |
| At 31 March 2022 | 5,449 |
| At 31 December 2021 | 6,872 |

21.2 **Lease liabilities**

| | **31 March 2022** | **31 December 2021** |
|---|---|---|
| As at 1 January | 6,519 | 7,198 |
| Accretion of interest | 310 | 1,462 |
| Payments | - | (2,141) |
| | **6,829** | **6,519** |
| Current | 6,829 | 6,519 |
| **Maturity analysis of undiscounted cashflows** | | |
| Less than one year | - | 2,141 |

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

| | | |
|---|---|---|
| Depreciation expense of right-of-use assets | 1,423 | 5,154 |
| Interest expense on lease liabilities | 310 | 1,462 |
| Expense relating to short-term leases | 954 | 10,343 |
| | **2,687** | **16,959** |

22 **Intangible assets**

| *in thousands of Nigerian Naira* | Computer software | Total |
|---|---|---|
| ***Cost:*** | | |
| At 1 January 2021 | 165,747 | 165,747 |
| Additions during the year | 27,835 | 27,835 |
| At 1 January 2022 | 193,582 | 193,582 |
| Additions during the period | - | - |
| At period end | 193,582 | 193,582 |
| ***Accumulated amortisation and impairment*** | | |
| At 1 January 2021 | 103,912 | 103,912 |
| Amortisation charge for the year | 28,335 | 28,335 |
| At 1 January 2022 | 132,247 | 132,247 |
| Amortisation charge for the period | 6,975 | 6,975 |
| At period end | 139,222 | 139,222 |
| **Carrying amount** | | |
| At 31 March 2022 | 54,360 | 54,359 |
| At 31 December 2021 | 61,335 | 61,335 |

23 **Customers' deposits**

| As at<br>*in thousands of Nigerian Naira* | **31 March 2022** | **31 December 2021** |
|---|---|---|
| Dividend: ordinary shares | 7,776,589 | 5,978,472 |
| Return money - public offers | 70,134 | 186,799 |
| Brokerage: ordinary shares | 2,853 | 2,853 |
| Redemption debentures | 31,802 | 31,802 |
| | 7,881,378 | 6,199,926 |

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

23.1 ***Movement in customer deposit***

| | | |
|---|---|---|
| Opening Balance | 6,199,925 | 8,639,683 |
| Amount received during the period | 19,241,253 | 139,635,250 |
| Amount paid out during the period | (17,559,800) | (142,075,008) |
| | 7,881,378 | 6,199,925 |

24 **Creditors and accruals**

| As at<br>*in thousands of Nigerian Naira* | **31 March 2022** | **31 December 2021** |
|---|---|---|
| Accounts payable | 102,457 | 52,083 |
| Accrued expenses | 117,948 | 52,774 |
| | 220,405 | 104,857 |

*Terms and conditions of the above financial liabilities:*

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

• Accrued expenses are non-interest bearing and have an average term of six months.

25 **Current income tax payable**

| As at<br>*in thousands of Nigerian Naira* | Notes | **31 March 2022** | **31 December 2021** |
|---|---|---|---|
| **At the beginning of the year:** | | 629,429 | 579,083 |
| **Current income tax charge** | | | |
| Company income tax | | 136,521 | 579,519 |
| Education tax | | 12,588 | 49,810 |
| Capital gains tax | | - | 100 |
| (Over)/Under provision in prior periods | | - | (44,302) |
| | 13.1 | 149,109 | 585,127 |
| **Payments during the year** | | | |
| Withholding tax credit utilised | | - | (108,763) |
| Payments during the period | | - | (426,018) |
| | | - | (534,781) |
| Balance at period end | | 778,538 | 629,429 |

The charge for income tax in these financial statements 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<br>*in thousands of Nigerian Naira* | **31 March 2022** | **31 December 2021** |
|---|---|---|
| At the beginning of the year: | 52,656 | 46,379 |
| Tax (income)/expense during the period recognised in profit or loss | - | 6,277 |
| Balance at period end | 52,656 | 52,656 |

27 **Share capital and reserves**

| | As at<br>*in thousands of Nigerian Naira* | **31 March 2022** | **31 December 2021** |
|---|---|---|---|
| i | ***Authorised share capital*** | | |
| | Two billion ordinary shares of 50k each | 1,000,000 | 1,000,000 |
| ii | ***Issued and fully paid:*** | | |
| | Two billion ordinary shares of 50k each | 1,000,000 | 1,000,000 |
| iii | ***Share premium*** | | |
| | At period end | 624,446 | 624,446 |
| iv | ***Fair value reserve*** | | |
| | At the beginning of the year | 5,082 | 18,612 |
| | Fair value gain/(loss) on equity instuments | (9,388) | (13,530) |
| | | (4,306) | 5,082 |
| v | ***Retained earnings*** | | |
| | At the beginning of the year | 7,070,666 | 6,655,999 |
| | Impact of adopting IFRS 9 | - | - |
| | Dividends declared and paid | (1,000,000) | (1,000,000) |
| | Profit for the period | 403,147 | 1,414,667 |
| | | 6,473,813 | 7,070,666 |
| vi | ***Revaluation reserve*** | | |
| | At the beginning of the year: | 70,596 | 70,596 |
| | | 70,596 | 70,596 |

28 **Securities Trading Policy**

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) Africa Prudential Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy undergoes periodic reviews by the Board and is updated accordingly. The Company is not aware of any infringement of the policy during the period