



CHAMS PLC AND ITS SUBSIDIARY COMPANIES

AUDITED FINANCIAL STATEMENTS

31 DECEMBER 2020



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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their annual report on the affairs of Chams Plc ("the Company"), and subsidiaries ("the Group"), together with the group audited financial statements and the auditor's report for the year ended 31 December 2020.

1. PRINCIPAL ACTIVITIES

The principal activities of Chams Plc and its subsidiaries continue to be provision of Digital business intelligent solutions across a broad range of market segments. This includes the development, deployment, implementation and maintenance of technology-based payment and other digital solutions including; to facilitate the innovative development and operations of digital business.

2. LEGAL FORM

The company was incorporated as a private limited company on September 10th 1985 and became a public limited company in 2007. At the 23rd Annual General Meeting of the Company on 6 June 2008, the shareholders authorized the Directors to change the name Chams Nigeria PLC to **CHAMS PLC**. Subsequent to the Placements authorized by the shareholders, an application was made to the Council of the Nigeria Stock Exchange for the admission of all the issued and paid up shares of the Company to the Daily Official List of the Exchange through Listing by Introduction.

3. SUBSIDIARIES

The company has three subsidiaries; **CardCentre Nigeria Limited**, engaged in the production and manufacturing of Cards – Identity, payments, Smart cards etal; **ChamsAccess Limited**, licensed consortium for the deployment of ATMs in the country also involved in the deployment of multi-application terminals; and **ChamsSwitch Limited**, engaged in provision of the e-payment transaction processing platform for the Nigerian Market.

4. OPERATING RESULTS

The following is a summary of the Company's operating results:

OPERATING RESULT SUMMARY					
	GROUP			COMPANY	
	2020	2019		2020	2019
	=N='000	=N='000		=N='000	=N='000
Turnover	2,111,288	3,285,817		454,912	469,066
Cost of Sales	(1,351,773)	(2,277,473)		(147,693)	(239,695)
Gross Profit	759,515	1,008,344		307,219	229,371
Profit After Tax	(919,676)	322,624		(346,517)	103,949
EPS	(17k)	6K		(7k)	2k

5. SHARE CAPITAL HISTORY

SHARE CAPITAL HISTORY					
Year		Authorized	Issued Share Capital		Consideration
	Increase	Cumulative	Increase	Cumulative	
1985	100,000	100,000	100,000	100,000	Cash
2004	99,900,000	100,000,000	0	100,000	Cash
2005	200,000,000	300,000,000	0	100,000	Cash
2006	0	300,000,000	99,900,000	100,000,000	Cash
2007	2,200,000,000	2,500,000,000	72,106,000	172,106,000	Cash
2007	2,500,000,000	5,000,000,000	172,106,000	344,212,000	Cash
2007	0	5,000,000,000	1,376, 848, 000	1,721,060,000	4 for 1 Bonus
2008	0	5,000,000,000	2,000,000,000	3,721,060,000	Cash
2008	0	5,000,000,000	975,000,000	4,696,060,000	Cash
2009	0	5,000,000,000	0	4,696,060,000	Cash
2010	0	5,000,000,000	0	4,696,060,000	Cash
2011	0	5,000,000,000	0	4,696,060,000	Cash
2012	0	5,000,000,000	0	4,696,060,000	Cash
2013	0	5,000,000,000	0	4,696,060,000	Cash
2014	0	5,000,000,000	0	4,696,060,000	Cash
2015	0	5,000,000,000	0	4,696,060,000	Cash
2016	0	5,000,000,000	0	4,696,060,000	Cash
2017	0	5,000,000,000	0	4,696,060,000	Cash
2018	0	5,000,000,000	0	4,696,060,000	Cash

6. DIRECTORS WHO SERVED DURING THE YEAR

The following Directors served during the year under review:

Name	Designation
1. Dr. (Mrs.) 'Dere Awosika MFR, mni	Chairman (Resigned March, 2020)
2. Sir Demola Aladekomo	Chairman (appointed March, 2020)
3. Mr. Gavin Young	Group Managing Director
4. Prof. Oyewusi Ibidapo-Obe	Non-Executive Director
5. Dr. Evans Woherem	Non-Executive Director
6. Pastor Ituah Ighodalo	Non-Executive Director
7. Alhaji Yusufu Modibbo	Non-Executive Director
8. Mr. Tomiwa Aladekomo	Non-Executive Director
9. Mrs. Mayowa Olaniyan	Executive Director

7. DIRECTORS' INTEREST IN SHARES

The Directors who served during the year and their interests in the shares of the Company are as follows:

S/N	NAME	HOLDINGS
1	Sir Demola Aladekomo	69,090,000
2	Dr. Evans Woherem	2, 235,000
3	Prof. Oyewusi Ibidapo-Obe	2,000,000
4	Pastor Ituah Ighodalo	NIL
5	Alhaji Yusufu Modibbo	621, 218
6.	Mr. Tomiwa Aladekomo	NIL
7.	Mr. Gavin Young	NIL
8.	Mrs. Mayowa Olaniyan	3, 180, 000

DISCLOSURE OF SUBSTANTIAL SHAREHOLDING (ABOVE 5%) AS AT 31 DECEMBER 2020

S/N	AC	NAME	ADDRESS	HOLDING	%HOLDINGS
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1.	12972	BEENAT INTERNATIONAL COMPANY LIMITED	NO 1 RADD AVE NDDC QTRS SHARADDA KANO	238,475,688	5.08
2.	12006	SMARTCITY RESORTS PLC	SMARTCITY GUEST HOUSE A2, RD 2, VGC LAGOS STATE	283,064,633	6.03
3.	13293	FIRST NOMINEE/ASSET MGT CORP OF NIG – M	SAMUEL ASABIA 12TH FLOOR 35 MARINA LAGOS	352,926,737	7.52
4.	11789	STANBIC NOM./ AMCON / ACCESS BANK PLC	C/O STANBIC NOMINEES NIG. LTD. PLOT 1712, IDEJO STREET, OFF ADEOLA ODEKU ST., V/I. LAGOS STATE	494,900,229	10.54
		TOTAL		1,369,367,287	29.17

8. ANALYSIS OF SHAREHOLDING

The analysis of the distribution of the shares of the Company as at 31 December 2020 is as follows:

CHAMS PLC				
ANALYSIS OF SHAREHOLDING AS AT 31ST DECEMBER 2020				
CAT DESCRIPTION	NO OF HOLDERS	%HOLDERS	HOLDINGS	% HOLDINGS
FOREIGN ADDRESSES	39	0.43	16,105,488	0.34
CORPORATE BODY	418	4.58	2,223,467,600	47.35
INDIVIDUAL	8,665	94.99	2,456,486,912	52.31
	9,122	100.00	4,696,060,000	100.00

9. ELECTION, RETIREMENT AND RE-ELECTION OF DIRECTORS

The following persons were appointed as Directors at the Board of Directors meeting held on the 18th December, 2020:

Mr. Olusegun Oloketuyi (Non-Executive Director)

Mrs. Olamojiba Bakare (Non-Executive Director)

The following person is retiring by rotation and being eligible, has made known his intention for re-election as Director of the Company:

1. Alhaji Yusufu Modibbo Non-Executive Director

Subject to ratification at the Annual General meeting in accordance with the provisions of CAMA, 2020.

10. STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

In accordance with the provisions of the Companies and Allied Matters Act of Nigeria, the Directors are responsible for the preparation of financial statements, which give a true and fair view of the state of affairs of the Company and of the profit or loss for that year. In so doing, the Directors are required to ensure that:

- a. Proper accounting records are maintained which disclose with reasonable accuracy the financial position of the Company and which ensures the financial statements comply with the requirements of the Companies and Allied Matters Act.
- b. Applicable accounting standards are followed.
- c. Suitable accounting policies are adopted and consistently applied.
- d. Judgments and estimates made are reasonable and prudent.
- e. The going concern basis is used, unless it is inappropriate to presume that the Company will continue in business.
- f. Internal control procedures are instituted which, as far as is reasonably possible, safeguard the assets of the Company and prevent and detect fraud and other irregularities.

11. EMPLOYMENT AND EMPLOYEES

a. Employment of physically challenged persons

The Company has a non-discriminatory policy on recruitment. Applications would always be welcomed from suitably qualified disabled persons and are reviewed strictly on qualification. The Company's policy is that the highest qualified and most experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

b. Health safety and welfare of employees

Health and safety regulations are in force within the Company's premises and employees are aware of existing regulations. The Company provides subsidies to all level of employees for medical expenses, transportation, housing, lunch etc.

c. Employees involvement and training

The Company is committed to keeping employees fully informed as much as possible regarding the Company's performance and progress and seeking their opinion where practicable on matters, which particularly affect them as employees.

Training is carried out at various levels through both in-house and external courses. Incentive schemes designed to encourage the involvement of employees in the Company's performance are implemented whenever appropriate.

12. POST BALANCE SHEET EVENTS

There were no post balance sheet events which could have had a material effect on the state of affairs of the Company as at 31 December 2020 or the profit for the year ended on that date, which have not been adequately provided for or disclosed.

13. COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Chams Plc continuously strives to comply with global standards of corporate governance. The Company has separated the posts of Managing Director and Chairman and the Chairman is not involved in the day-to-day running of the Company. This is geared towards avoiding the concentration of too much power in a single individual.

The Board as a whole is comprised of a number of sub-Committees which are Audit, Finance, Establishment and Governance, and Innovation, Marketing and Technology Committees. The Board is also comprised of high profile non-executive members serving in various capacities at the sub-Committees mentioned above and involved in setting the emoluments of the Managing Director and other Directors of the Company. The non-executive directors are appointed for a fixed period and have to be re-elected by the shareholders at an AGM. The Company is committed to full disclosure and transparency in providing information to all stakeholders because of its belief that this is the most important driving force in any good governance process.

14. FINANCE COMMITTEE

The Committee acts on behalf of the Board on matters relating to Financial Management. It reviews the Budget and Audited Accounts and is responsible for providing useful advice to the Company's management team as and when required.

The members are as follows:

S/N	NAME	STATUS
1.	Dr. Evans Woherem	Chairman
2.	Alhaji Yusufu Modibbo	Member
3.	Mrs. Mayowa Olaniyan	Member

15. AUDIT COMMITTEE

This is established in accordance with part C of the Code of Corporate Governance. It comprises dedicated individuals with proven integrity that have a thorough understanding of the Company's business affairs including the associated risks and controls put in place to

mitigate those risks. The Company Secretary is the secretary of the Committee and they meet regularly. The members are as follows:

S/N	NAME	STATUS
1.	Mr. Emmanuel Onochie	Chairman
2	Mr. Moses Igbrude	Member
3	Mr. Doyin Owolabi	Member
4	Dr. Evans Woherem	Member
5	Pastor Ituah Ighodalo	Member
6.	Mr. Tomiwa Aladekomo	Member

16. ESTABLISHMENT AND GOVERNANCE COMMITTEE

This Committee is responsible for defining and assessing the qualifications for Board of Director membership and identifying qualified individuals, responsible for assisting the Board organize itself in the discharge of its duties and responsibilities properly and effectively, ensuring proper attention and effective response to shareholders concerns regarding corporate governance, assisting the Board in the fulfilment of its oversight responsibility for the Group's broad enterprise risk management program in connection with the Groups governance structures

S/N	NAME	STATUS
1	Prof. Oyewusi Ibidapo-Obe	Chairman
2	Pastor Ituah Ighodalo	Member
3	Alhaji Yusufu Modibbo	Member

17. INNOVATION, MARKETING AND TECHNOLOGY COMMITTEE

The purpose of the Committee is to assist the Board with understanding of Chams Plc innovative and technological developments and marketing framework for the projects or programs, priorities and resource allocation, so that the Board can discharge its responsibilities and oversight functions more effectively.

S/N	NAME	STATUS
1.	Prof. Oyewusi Ibidapo-Obe	Member

2.	Mr. Tomiwa Aladekomo	Member
3.	Alhaji Yusufu Modbbo	Member

18. BOARD MEETING

The Board and its Committees met as follows:

Board/ Committee Meetings	No of Meetings
Board of Directors	7
Board Audit Committee	6
Board Establishment and Governance Committee	2
Board Finance Committee	6
Innovation, Marketing and Technology Committee	1

ATTENDANCE AT BOARD MEETINGS FOR THE YEAR ENDED 31ST DECEMBER 2020

S/N	Director	No of Meetings	Attendance
1	Sir Demola Aladekomo	7	7
2	Dr. Evans Woherem	7	6
3	Prof. Oyewusi Ibadapo-Obe	7	7
4	Pastor Ituah Ighodalo	7	6
5	Alhaji Yusufu Modibbo	7	7
6	Mr. Tomiwa Aladekomo	7	7
7	Mr. Gavin Young	7	7
8	Mrs. Mayowa Olaniyan	7	7

19. AUDITORS

BDO professional Services Limited will be retiring as the External Auditors of the Company due to the expiration of its tenure. The Company will be appointing a new External Auditors In accordance with Section 401(1) of the Companies and Allied Matters Act of Nigeria, 2020

and a resolution will be proposed at the Annual General Meeting to ratify their appointment and authorize the Directors to fix their remuneration.

BY ORDER OF THE BOARD

A handwritten signature in blue ink, appearing to read 'Yetunde Emmanuel', is positioned above the printed name.

Yetunde Emmanuel
Company Secretary
FRC/2018/NBA/00000018086

Statement of Directors' Responsibilities

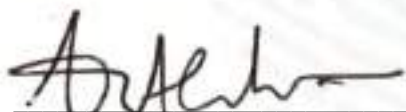
The Directors of **Chams Plc** are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting and Assurance Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011 and the Companies and Allied Matters Act, 2020, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for:

- Assessing the company and its subsidiaries 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 and its subsidiaries or to cease operations, or have no realistic alternative but to do so.
- Taking such steps as are reasonably available to them to safeguard the assets of the Company and its subsidiaries.
- Maintaining adequate accounting records that are sufficient to show and explain the company and its subsidiaries' transactions and disclosure with reasonable accuracy at any time, the financial position of the Group and the Company comply with IFRS.

Going Concern:

The Directors have made an assessment of the Company and its subsidiaries' ability to continue as a going concern and have no reason to believe the Company and its subsidiaries will not remain a going concern in the year ahead.

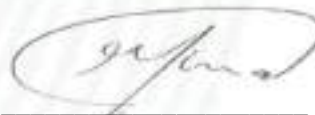
The Consolidated and Separate Financial Statements of the Company and its subsidiaries for the year ended 31, December 2020 were approved on 30th March 2021. On behalf of the Directors of the Group.



Sir Demola Aladekomo

Chairman

FRC/2013/NSE/00000004336



Gavin H. Young

Group Managing Director

FRC/2020/003/00000020885

Board of Directors

Sir Demola Aladekomo (Chairman), Mr. Gavin Young (Group Managing Director), Dr. Evans Woheremfca, Prof. Oyewusi Ibidapo-Obe ofr, Pastor Ituah Ighodalo, Ali. Yusufu A. Moddibo, Mr. Tomiwa Aladekomo, Mrs Mayowa Olaniyan





Providing Intelligent Business Solutions

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NG 000 9001-2015 Certified Company
No: 0600284


Report of the Audit Committee

TO THE MEMBERS OF CHAMS PLC AND ITS SUBSIDIARIES

In accordance with the provisions of Section 404(4) of Companies and Allied Matters Act, 2020, we have reviewed the audited financial statements of the Company for the year ended 31st December, 2020 and report as follows:

- The accounting and reporting policies of the company are consistent with legal requirements and agreed ethical practices
- The scope and planning of the external audit was adequate
- The Company maintained effective systems of accounting and internal control during the year.
- We are satisfied with the external auditor's findings and recommendations on management letter and management responses thereon.

Dated this 22nd day of March, 2021


22/03/2021

Mr. Onochie Emmanuel

Chairman, Audit Committee

FRC/2017/NIM/00000016405

MEMBERS OF THE AUDIT COMMITTEE

- | | |
|---------------------------|----------|
| • Mr. Emmanuel Onochie - | Chairman |
| • Mr. Moses Igbrude - | Member |
| • Mr. Dayin Owolabi - | Member |
| • Dr. Evans Woherem - | Member |
| • Pastor Ituah Ighodalo - | Member |
| • Mr. Tomiwa Aladekomo - | Member |



Board of Directors

Sir Demola Aladekomo (Chairman), Mr. Gavin Young (Group Managing Director), Dr. Evans Woherem fca, Mr. Segun Oloketuyi, Mrs. Olu Bakare, Pastor Ituah Ighodalo, Alh. Yusuf A. Moddibo, Mr. Tomiwa Aladekomo, Mrs. Mayowa Olaniyin

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CHAMS PLC AND ITS SUBSIDIARY COMPANIES

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated and separate financial statements of Chams Plc and its Subsidiary Companies which comprise, the consolidated and separate statement of financial position as at 31 December 2020, the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity, and consolidated and separate statement of cash flows for the year then ended; and notes to the consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Chams Plc and its subsidiaries as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011 and the Companies and Allied Matters Act, 2020.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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.

Revenue Recognition

Risk

Under ISA 240 (the auditor's responsibilities relating to fraud in an audit of financial statements) there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.

Response

Revenue is recognised when performance obligation has been satisfied, this is signified by the transfer of control, risk and rewards to customers. In addition, existence and completeness of the revenue is verified by:

- Vouching revenue recorded in ledger to sales invoices raised/ certificate of completion
- Vouching sales invoices to supporting documentation such as contract/award letter, ensuring contract is duly signed.
- Ascertaining revenue recognition criteria and policy are consistently applied
- Test completeness of revenue throughout the year by tracing, on sample basis, the delivery notes, waybills etc to the ledger.

Accounts receivable

Risk

The existence of trade receivables was considered a risk of material misstatement and our response below was designed to address the risk.

Response

Test the reliability of the ageing analysis by:

- Reviewing ageing of trade receivables and ensure that the trade receivables included therein exist and recoverable and that they are appropriately included in the schedule of trade receivables allowances.
- In making allowance for impairment, we made reference to the Group's policy on expected credit loss model based on provision matrix
- Reviewed job completed forms and the award letters and considered whether these have been accounted for in the correct year.
- Obtained status report from Project Management Office and ensured receivables are booked in accordance with the milestones reached
- Reviewed material journals throughout the year and all journals raised after the year end.
- Selected samples of trade receivables balances on the receivables ledger and traced invoices from the ledger to supporting documents
- Requested for customers to confirm directly to BDO:
 - The year end balance
 - Details of the reconciling items if in disagreement

Responsibilities of the Directors for the consolidated and separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011 and the Companies and Allied Matters Act, 2020 and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate 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 group'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 and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Chairman's and Directors' statements, but does not include the consolidated and separate financial statements and our auditors' report thereon. Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained during 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 information, we are required to report that fact. We have nothing to report in this regard.

Auditors' responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 International Standards on Auditing 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 consolidated and separate financial statements.

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

- * Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- * Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 consolidated and separate financial statements, including the disclosures, and whether the Group and Company's 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 and any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act, 2020 requires that in carrying out our audit we consider and report to you on the following matters. 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 and its subsidiaries
- iii) the Company and subsidiaries' statements of financial position, and statements of profit or loss and other comprehensive income are in agreement with the books of account.

Lagos, Nigeria
31 March 2021


Olugbemiga A. Akibayo
FRC/2013/ICAN/00000001076
For: BDO Professional Services
Chartered Accountants



CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Notes	2020	2019	2020	2019
		N'000	N'000	N'000	N'000
Revenue	8	2,111,288	3,285,817	454,912	469,066
Cost of sales	9	(1,351,773)	(2,277,473)	(147,693)	(239,695)
Gross profit		759,515	1,008,344	307,219	229,371
Other operating income	10	36,710	617,748	42,347	535,656
Administrative expenses		(1,583,124)	(1,259,344)	(587,004)	(624,917)
(Loss)/profit from operations		(786,899)	366,748	(237,438)	140,110
Finance expenses	11	(127,337)	(11,616)	(108,454)	(10,745)
Finance income	11	1,109	3,727	618	1,024
Net finance (expenses)/income		(126,228)	(7,889)	(107,836)	(9,721)
(Loss)/profit before taxation		(913,127)	358,859	(345,274)	130,389
Tax (expense)/income	22(a)	(31,756)	(36,235)	(1,243)	(26,440)
(Loss)/profit after taxation		(944,883)	322,624	(346,517)	103,949
Other comprehensive income:					
Item that will not be reclassified to profit or loss		-	-	-	-
Item that may be reclassified to profit or loss		-	-	-	-
Total other comprehensive income net of tax		-	-	-	-
Total comprehensive (loss)/ income		(944,883)	322,624	(346,517)	103,949
Profit for the year attributable to:					
Owners of the parent		(820,349)	276,548	(346,517)	103,949
Non-controlling interest		(124,534)	46,076	-	-
(Loss)/income after taxation		(944,883)	322,624	(346,517)	103,949
Total comprehensive income attributable to:					
Owners of the parent		(820,349)	276,548	(346,517)	103,949
Non-controlling interest		(124,534)	46,076	-	-
Total comprehensive (loss)/income		(944,883)	322,624	(346,517)	103,949
Basic (loss)/profit per share (Kobo)	12	(17)k	6k	(7)k	2k
Diluted (loss)/profit per share (Kobo)	12	(17)k	6k	(7)k	2k

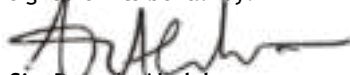
The accompanying notes to the financial statements on pages 9 to 45 and other national disclosures on pages 46 and 47 form part of these financial statements.


Auditors' report, pages 1 to 3.

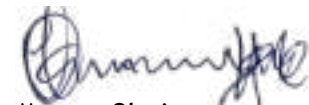
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2020

Assets	Notes	Group		Company	
		2020	2019	2020	2019
		N'000	N'000	N'000	N'000
Non-current assets					
Property, plant and equipment	13	2,447,537	2,512,096	1,844,028	1,868,384
Investment project	14	460	460	460	460
Intangible assets	15	825,946	771,727	-	-
Investment in subsidiaries	16(f)	-	-	2,304,322	2,453,826
Investment in equity at FVTOCI	18	100,000	100,000	100,000	100,000
Loan receivables	19	-	-	-	-
		3,373,944	3,384,284	4,248,810	4,422,670
Current assets					
Inventories	20	199,689	203,015	-	23,768
Trade and other receivables	21(a)	1,818,660	2,104,020	822,082	555,947
Cash and cash equivalents	30	1,588,263	261,446	442,070	124,718
		3,606,612	2,568,481	1,264,152	704,433
Liabilities					
Current liabilities					
Trade and other payables	23	4,125,717	3,413,407	965,517	954,698
Loans and borrowings	24(a)	1,114,773	280,973	976,444	252,611
Corporate tax liability	22(d)	310,954	283,541	220,956	223,232
		5,551,444	3,977,921	2,162,917	1,430,541
Net current liabilities		(1,944,832)	(1,409,440)	(898,765)	(726,108)
Total assets less current liabilities		1,429,112	1,974,844	3,350,045	3,696,562
Non-current liabilities					
Deferred tax liability	22(c)	-	-	-	-
Loans and borrowings	24	-	-	-	-
Net assets		1,429,112	1,974,844	3,350,045	3,696,562
Issued capital and reserves attributable to owners of the parent					
Share capital	26	2,348,030	2,348,030	2,348,030	2,348,030
Share premium	27(i)	35,008	35,008	35,008	35,008
Revaluation reserve	27(iii)	1,482,164	1,482,164	959,065	959,065
Retained earnings	27(iv)	(2,587,575)	(1,767,226)	7,942	354,459
Capital reserve	28	145,522	145,522	-	-
		1,423,149	2,243,498	3,350,045	3,696,562
Non-controlling interest	29	5,963	(268,654)	-	-
Total equity		1,429,112	1,974,844	3,350,045	3,696,562

The financial statements and notes on pages 4 to 47 were approved by the Board of Directors on 30 March 2021 and signed on its behalf by:


 Sir. Demola Aladekomo
 Chairman
 FRC/2013/NCE/00000004336


 Gavin Young
 Managing Director
 FRC/2020/003/00000020885


 Mayowa Olaniyan
 Executive Director, Finance
 FRC/2013/ICAN/00000004330

The accompanying notes to the financial statements on pages 9 to 45 and other national disclosures on pages 46 and 47 form part of these financial statements.

Auditors' report, pages 1 to 3.

CHAMS PLC AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

6

Group	Share capital N'000	Share premium N'000	Revaluation reserve N'000	Capital reserve N'000	Retained earnings N'000	Total attributable to equity holders of parent N'000	Non-controlling interest N'000	Total equity N'000
1 January 2020	2,348,030	35,008	1,482,164	145,522	(1,767,226)	2,243,498	(268,654)	1,974,844
Loss for the year	-	-	-	-	(820,349)	(820,349)	(124,534)	(944,883)
Other comprehensive Income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(820,349)	(820,349)	(124,534)	(944,883)
Transaction with owners recorded directly in equity								
Issued share	-	-	-	-	-	-	399,151	399,151
	-	-	-	-	-	-	399,151	399,151
31 December 2020	2,348,030	35,008	1,482,164	145,522	(2,587,575)	1,423,149	5,963	1,429,112

	Share capital N'000	Share premium N'000	Revaluation reserve N'000	Capital reserve N'000	Retained earnings N'000	Total attributable to equity holders of parent N'000	Non-controlling interest N'000	Total equity N'000
1 January 2019	2,348,030	35,008	1,482,164	145,522	(1,915,647)	2,095,077	(436,241)	1,658,836
Profit for the year	-	-	-	-	276,548	276,548	46,076	322,624
Adjustment for over depreciation	-	-	-	-	12,754	12,754	-	12,754
Other comprehensive Income	-	-	-	-	-	-	-	-
Gain on revaluation of intangible asset	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	289,302	289,302	46,076	335,378
Transaction with owners recorded directly in equity								
Dividend declared	-	-	-	-	(140,881)	(140,881)	-	(140,881)
Issued share	-	-	-	-	-	-	121,511	121,511
	-	-	-	-	(140,881)	(140,881)	121,511	(19,370)
31 December 2019	2,348,030	35,008	1,482,164	145,522	(1,767,226)	2,243,498	(268,654)	1,974,844

The accompanying notes to the financial statements on pages 9 to 45 and other national disclosures on pages 46 and 47 form part of these financial statements.

Auditors' report, pages 1 to 3.

CHAMS PLC AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

Company

	Share capital N'000	Share premium N'000	Revaluation reserve N'000	Retained earnings N'000	Total equity N'000
1 January 2020	2,348,030	35,008	959,065	354,459	3,696,562
Loss for the year	-	-	-	(346,517)	(346,517)
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive expense	-	-	-	(346,517)	(346,517)
Transaction with owners and recorded directly in equity	-	-	-	-	-
Dividend paid	-	-	-	-	-
31 December 2020	2,348,030	35,008	959,065	7,942	3,350,045
	Share capital N'000	Share premium N'000	Revaluation reserve N'000	Retained earnings N'000	Total equity N'000
1 January 2019	2,348,030	35,008	959,065	391,391	3,733,494
Profit for the year	-	-	-	103,949	103,949
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	103,949	103,949
Transaction with owners and recorded directly in equity	-	-	-	-	-
Dividend paid	-	-	-	(140,881)	(140,881)
31 December 2019	2,348,030	35,008	959,065	354,459	3,696,562

The accompanying notes to the financial statements on pages 9 to 45 and other national disclosures on pages 46 and 47 form part of these financial statements.

Auditors' report, pages 1 to 3.

CHAMS PLC AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

8

	Notes	Group		Company	
		2020	2019	2020	2019
		N'000	N'000	N'000	N'000
(Loss)/profit after taxation		(944,883)	322,624	(346,517)	103,949
Adjustments for:					
Finance costs	11	127,337	11,616	108,454	10,745
Finance income	11	(1,109)	(3,727)	(618)	(1,024)
Tax income/ expense	22(a)	31,756	36,235	1,243	26,440
Depreciation of property plant and equipment	13(a)&(b)	102,387	194,118	48,839	134,165
Amortisation of intangible assets	15(a)&(b)	279	327	-	-
Impairment allowance on deposit for investment		-	13,249	-	-
Impairment allowance on subsidiary investment		-	-	149,504	-
Prior year adjustment		-	(151)	-	-
Property, plant and equipments adjustment		(4,744)	(13,599)	-	-
Intangible asset adjustment		-	12,905	-	-
Dividend declared		-	-	-	(140,881)
Profit on disposal	10	(3,400)	(10,473)	(3,400)	(10,473)
Changes in assets and liabilities:					
Decrease in inventories		3,326	44,765	23,768	43,880
Decrease/(increase) in trade and other receivables		285,360	(707,966)	(266,135)	4,309
Increase/(decrease) in trade and other payables		712,310	280,473	10,819	(291,506)
		308,619	180,397	(274,043)	(120,396)
Tax paid	22(d)	(27,500)	(68,527)	(3,519)	(35,064)
Net cash generated/(used) from operating activities		281,119	111,870	(277,562)	(155,460)
Cash flows from investing activities					
Purchase of property, plant and equipment	13(a)&(b)	(33,084)	(23,945)	(24,484)	(2,892)
Sales proceed on disposal of property plant and equipment		3,400	10,473	3,400	10,473
Purchase of intangible assets	15(a)&(b)	(54,498)	(62,120)	-	-
Net cash (used)/generated in investing activities		(84,182)	(75,592)	(21,084)	7,581
Cash flows from financing activities					
Finance expenses	11	(127,337)	(11,616)	(108,454)	(10,745)
Finance income	11	1,109	3,727	618	1,024
Interest Accrued	24(b)	(18,217)	(871)	-	-
Loan repayment		165,908	(57,031)	-	-
Contribution from Minority shareholders		274,617	9,865	-	-
Net cash inflow/(outflow) from financing activities		296,080	(55,926)	(107,836)	(9,721)
Net increase/(decrease) in cash and cash equivalents		493,017	(19,648)	(406,481)	(157,600)
Cash and cash equivalents at the beginning of the year		(19,527)	121	(127,893)	29,707
Cash and cash equivalents at the end of the year	30	473,490	(19,527)	(534,374)	(127,893)

The accompanying notes to the financial statements on pages 9 to 45 and other national disclosures on pages 46 and 47 form part of these financial statements.

Auditors' report, pages 1 to 3.

1. **History of the Company and nature of operations**

Chams Plc (The Company) was incorporated as a limited liability Company on 10 September 1985 and became a public Company on 4 September 2008. The Company was listed on the floor of the Nigerian Stock Exchange on 8 September 2008. The principal activities of Chams Plc and its subsidiaries (the Group) include identity management, payment collections and transactional systems. The Company's registered office is located at 8, Louis Solomon Close, Victoria Island, Lagos.

2 **Basis of preparation**

a) **Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out in note 5. The policies have been consistently applied to all the years presented, unless otherwise stated.

b) **Statement of compliance**

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and the requirements of the Companies and Allied Matters Act, 2020.

c) **Basis of measurement**

The financial statements were authorised for issue by the Board of Directors on 30 March 2021

The consolidated financial statements have been prepared on the historical cost basis except for revalued property, plant and equipment.

d) **Functional and presentation currency.**

These financial statements are presented in Naira, which is the Group's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

e) **Use of estimates and judgement**

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies. Areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3(a) **New standards, interpretations and amendments effective from 1 January 2020**

New standards that were adopted in the annual financial statements for the year ended 31 December 2020, but had no significant effect or impact on the group are:

- IAS 1 Presentation of Financial Statements and
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Disclosure Initiative - Definition of Material); and
- Revisions to the Conceptual Framework for Financial Reporting.
- Definition of a Business (Amendments to IFRS 3);
- Interest Rate Benchmark Reform - IBOR 'phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7); and
- COVID-19-Related Rent Concessions (Amendments to IFRS 16).

(b) **New standards, interpretations and amendments issued not yet effective**

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments have not been adopted in preparing the financial statements for the year ended 31 December 2020:

- Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37 - 1 Jan 2022
- Property, Plant & Equipment: Proceeds before Intended Use - Amendments to IAS 16 - 1 Jan 2022;
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
- Reference to the Conceptual Framework - Amendments to IFRS 3 - 1 Jan 2022;
- IFRS 17 Insurance Contracts (effective 1 January 2023) - In June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to 1 January 2023.
- Classification of Liabilities as Current and Non-current - Amendments to IAS

4 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates are based on factors including historical experience and expectations of future events that management believes to be reasonable. However, given the judgmental nature of such estimates, actual results could be different from assumptions used. The estimates and assumptions that can have significant risks of causing material adjustments to the carrying amounts of assets and liabilities are set out below:

a. Power to exercise significant influence

When the Group holds less than 20% of voting rights in an investment but the Group has the power to exercise significant influence, such an investment is treated as an associate. Where the Group holds over 20% of voting rights (but not over 50%) and the Group does not exercise significant influence, the investment is at fair value through other comprehensive income.

b. Legal proceedings

In accordance with IFRS, the Group recognizes a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of cost of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Application of these accounting principles to legal cases requires the Group's management to make determinations about various factual and legal matters beyond control. The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinion or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claims or assessment.

c. Income and deferred taxation

Chams Plc and its subsidiary Companies annually incur significant amounts of income taxes payable and also recognises significant changes to deferred tax assets and liabilities, all of which are based on management's interpretations of applicable laws and regulations. The quality of these estimates is highly dependent upon management's ability to properly at times apply a complex set of rules, to recognise changes in applicable rules and in the case of deferred tax assets, management's ability to project future earnings from activities that may apply loss carry forward positions against future income taxes.

d. Impairment of property, plant and equipment and intangible assets

The Group assesses assets or groups of assets for impairment annually or whenever events or changes in circumstances indicate that carrying amounts of those assets may not be recoverable. In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. Frequently, the recoverable amount of an asset proves to be the Group's estimated value in use. The estimated future cash flows applied are based on reasonable and supportable assumptions and present management's best estimates of the range of economic conditions that will exist over the remaining useful life of the cash flow generating assets.

5 Significant accounting policies

i) Foreign currency translation

In preparing the financial statements of the Group, transactions in currencies other than the entity's presentation currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign currency differences on loans and other borrowings are recognised as finance income and expenses. Other foreign currency differences as a result of transactions are recognised in the related items within the operating results.

(ii) Revenue recognition

Performance obligation and timing of revenue recognition

Revenue is derived from the sales of various product lines which span across delivery of business solution, biometric data capture, e-voting platform, business process outsourcing, contract and supplies. Revenue is recognised at a point in time when control of services has transferred to the customer as evidenced by the Job Completion and Acceptance Certificate.

There is limited judgement needed in identifying the point control passes:

- (a) Once delivery of service to agreed location or client have occurred.
- (b) The customer has accepted the services being delivered as evidenced with a Job Acceptance /delivery or Completion Certificate.
- (c) The entity has a present right to receive payment from the customer as signed by parties to the contract in the agreement, memorandum of understanding or invoice.
- (d) Retains none of the significant risks and rewards of the service or goods in question.

Determining the transaction price

The Group provides applications developed to fit into the specific need of client and prices are fixed per client per service rendered , therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Exceptions are as follows

Where transaction is done in large volume like in the case of confirmme price can be varied through discounts depending on the volume of transaction. Commission is also earned from continous transactions by client.

Allocating amounts to performance obligations

All prices have been allocated to each performance obligation identified in the contract on a relative stand-alone selling price basis. Chams only provide services, so each service are invoiced in accordance with agreement signed and the price agreed with the customer. Therefore, there is no judgement invloved in allocating contract price to performance obligations(all perfomance obligations are capable of being, and are, sold separately).

Incremental costs of obtaining contracts and costs to fulfilling contracts

The Group does not incur significant costs in obtaining contracts (e.g. Administration costs related to the tender process). Also the Group is not expected to recover those costs. The costs to fulfill the contracts comprises the cost of application developed, hardware and the installation and other deliverable costs are charged separately to a customer.

(iii) **Finance costs and finance income**

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss where the Group holds such financial assets and impairment losses recognised on financial assets (other than trade receivables). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss.

Finance income comprises interest income on short-term deposits with bank, dividend income, changes in the fair value of financial assets at fair value through profit or loss and foreign exchange gains.

(iv) **Basis of consolidation**

Where the Group has control over an investee, it is classified as a subsidiary. The Group controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Group has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Group considers all relevant facts and circumstances, including:

- The size of the Group's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the group and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the Group and its subsidiaries ("the Group") as if they formed a single entity. InterGroup transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated and separate statement of profit or loss and other comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

a. **Associates**

When the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. The Group's share of post-acquisition profits and losses is recognised in the consolidated and separate statement of profit or loss and other comprehensive income except that losses in excess of the Group's investment in the associate are not recognised unless there is obligation to make good those losses.

Profit and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investor's interest in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associates.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in the associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non financial assets.

b. Joint venture

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; that is, when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The Group reports its interests in jointly controlled entities using the equity method, which involves recognition in the consolidated income statement of Chams Plc's share of the net results of the joint ventures for the year. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. Chams Plc's interest in a joint venture is carried in the statement of financial position at its share in the net assets of the joint venture together with goodwill paid on acquisition, less any impairment loss. When the share in the losses exceeds the carrying amount of an equity-accounted Group (including any other receivables forming part of the net investment in the Group), the carrying amount is written down to nil and recognition of further losses is discontinued, unless we have incurred legal or constructive obligations relating to the Group in question

v) Segment reporting

An operating segment is a component of an entity:

- (a) That engages in business activities from which it may earn revenues and incur expenses (including inter group transactions).
- (b) Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segments and assess its performance and
- (c) For which discrete financial information is available

The Group has three main business segments:

- Identity Management and solutions
- Payments, Collections and Transactional Systems
- ICT Training

Revenue and cost reporting are directly related to the segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers have been identified as the members of the management team including the Group Managing Director.

All reported revenue and related costs of each segments are reconciled.

a. Identity management

Chams Plc is a regional resource centre for identification solutions for clients ranging from corporations, educational bodies to national government.

The Group's identity management activities will include prometrics, biometrics identification with applications in the financial, healthcare, corporate and other public fields.

- **Chamscity:** is the major hub for large and nationwide Biometrics, data management, online real-time examinations and conferences etc. It offers a unique infrastructural backbone for the realisation of net national identification schemes and projects.

Under the Group Operations it provide identity management through our subsidiary companies such as:

Card Centre Nigeria Limited

This is an operator of one of the world's largest card manufacturing and personalising factory. It also has Smart and Chip Card expertise engaging efficient and effective technologies for card personalisation, identity card enrolment logistic and access control.

b. **Payments, collections and transactional systems**

The payment systems involve building, developing and maintenance of ICT infrastructures across the nation through its companies by helping Nigeria move seamlessly with the world's trend of cashless economy. Under the Group Operations, it provide payment platforms through our subsidiary companies such as:

ChamsAccess Limited

The Company is into the sales and maintenance of Dermalog machines, finger print scanners, BVN machines and data card products.

ChamsSwitch Limited

Set up to build an enabling infrastructure to ensure unimpeded expansion of all other E-payment initiatives of Chams Group.

ChamsMobile Limited/Naira.com

Setting up mobile payment platforms that will allow users carry out transactions through their mobile phones. These transactions ranges from funds transfer and airtime top-up to balance enquiry etc.

c. All non current assets under each segment are geographically analysed.

d. Others: Terminal and printers and recharge card aspect of Card Center

Geographical location

The Group has presence in both Lagos and Abuja.

vi) **Property, plant and equipment**

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold buildings are subsequently carried at fair value, based on year valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in profit or loss.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives.

The expected useful lives of property, plant and equipment are as follows:

<u>Leasehold improvement</u>	Over the shorter of the useful life of the item
Building	50 years
Computers and other IT equipment	4 years
Furniture and fittings	4 years
Plant and machineries	7 years
Motor vehicles	4 years
IT Software	5 years

At the date of revaluation, the accumulated depreciation on the revalued freehold property is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The excess depreciation on revalued freehold buildings, over the amount that would have been charged on a historical cost basis, is transferred from the revaluation reserve to retained earnings when freehold buildings are expensed through the consolidated and separate statement of profit or loss and other comprehensive income (e.g. through depreciation, impairment). On disposal of the asset the balance of the revaluation reserve is transferred to retained earnings.

Derecognition

An item of property, plant and equipment is derecognised on disposal when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit and loss in the year the asset is derecognised.

At each statement of financial position date, the Group assesses whether there is any indication that an asset may be impaired. If any of such exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest generating unit to which the asset belongs.

If there is an indication that an asset is impaired, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in the income statement.

vii) **Leases**

Leases in which substantially all the risks and rewards incidental to the ownership of the leased asset have been transferred to the Group (a finance lease), the asset is treated as if it has been purchased outright. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The interest element of the lease is charged to the consolidated statement of comprehensive income over the year of the lease. Leases other than finance lease are operating lease and are not recognised as assets in the books. lease expenses are charged to the statement of profit or loss and other comprehensive income.

viii) **Intangible assets**

Internally generated intangible assets primarily comprised internally developed software. Such software as well as other internally generated assets for internal use are valued at cost and amortised over their useful lives. Impairments are recorded if the carrying amount of the asset exceeds the recoverable amount.

Development costs include, in addition to those costs attributable to the development of the asset, an appropriate proportion of overhead costs. Borrowing costs are capitalised to the extent that they are material and related to the year over which the asset is generated. The estimated useful life of software is 10 years which is assessed for impairment every year.

Naira.com is a software that was internally developed by the Group. It is an internet based payment solution platform with an indefinite life. The software will not be subjected to annual amortisation, but will be reviewed for an impairment on an annual basis. The software which was initially recognised at cost will be subsequently carried at the revalued amount. The revaluation will be carried out at intervals of every three years.

ix) **Inventory**

Inventories are stated at the lower of cost and net realisable value. Inventories include Scanner and Computers for biometric data capture and varsity books for training and are stated at cost, which is arrived at using the average cost method. Net realisable value is the estimated selling price in the ordinary course of business. Cost comprises purchase price and other incidental cost in bringing the inventory to the warehouse.

Write down on inventories of spare parts and consumables are calculated by comparing book value and probable net realizable value after a specific analysis of obsolescence of inventory.

x) **Financial Instruments**

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

i) Classification of financial assets

The Group classifies its financial assets into one of the three categories as required by IFRS 9 depending on the purpose for the asset was acquired. These categories

- Financial assets at amortised cost
- Fair value through profit or loss
- Fair value through other comprehensive income

Other than at amortised cost, the Group does not have any category of asset that can be measured at fair value through profit or loss fair value through other comprehensive income.

ii) At amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

iii) Trade receivables

Trade receivables arise principally from the provision of services to customers performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current.

iv) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group and collateral is not normally obtained. The non-current other receivables are due and payments made within three years from the end of the reporting period.

v) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand and bank balances held with financial institutions.

xi) **Impairment of financial assets**

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Fair value through other comprehensive income

The Group has an investment in unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For this investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

xii) Prepayments

Prepayments are payments made in advance relating to the following year and are recognised and carried at original amount less amounts utilised in the statement of profit or loss and other comprehensive income.

xiii) Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. the Group's accounting policy for each category is as follows:

a) Trade and other payables

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

b) Customer Deposits (Transit Account)

Advance payment from customer where performance obligation is not yet fulfilled, will be recognised as loan. Interest will be calculated at the ruling rate where performance obligation will be fulfilled after 12 months period.

c) Borrowings

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any interest payable while the liability is outstanding.

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in income statement.

xiv) **Borrowings costs**

Borrowing costs are interest and other costs that the entity incurs in connection with the borrowing of funds. Borrowing costs on qualifying capital expenditure are capitalized while others are expensed.

xv) **Employee benefits**

a) **Short - term employee benefits**

All short term employee benefits payable within 12 months after service is rendered, the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a year should be recognized in that year. All benefits that are due or outstanding as at the end of the year are accrued for.

b) **Defined contribution plans**

The Group operates a defined contribution plan as stipulated in the Pension Reform Act, 2004. Under the defined contributory scheme, the Group contributes 10%, while its employees contribute 8% of their annual basic, housing and transport allowances to the scheme. Once the contributions have been paid, the Group retains no legal and constructive obligation to pay further contributions if the fund does not hold sufficient assets to finance benefits accruing under the retirement benefit plan. The Group's obligations are recognised in the statements of comprehensive income as administrative expenses (employee benefits) when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

c) **Termination benefits**

Termination benefits would be recognized when and only when, the Group is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. The Group shall recognize termination benefits as an expense when the Group is demonstrably committed with a detailed formal plan for the termination without realistic possibility of withdrawal.

xvi) **Income tax**

Expenses on income tax comprise current and deferred tax. Current tax is the expected tax payable on taxable income or loss for the year, using tax rates enacted by the Government. Current tax assets and liabilities will be offset on the statement of financial position. Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. 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.

Additional income taxes that arise from the distribution of dividend by the Group are recognized at the same time as the liability to pay the related dividend is recognized.

xvii) **Share capital and share premium**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Any amount received over and above the par value of the shares issued are classified as 'share premium' in equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Financial instruments issued by the Group are classified as equity only to extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

xviii) Reserves

Reserves include all current and prior year retained earnings.

xix) Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they become legally payable. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the shareholders. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

xx) Offsetting financial instruments

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

xxi) Impairment of financial instruments

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows such as changes in arrears or economic conditions that correlate with defaults.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

xxii) Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required from the group and the amounts can be estimated reliably. Timing or amounts of the outflow may still be uncertain.

Provisions are measured at the estimated amounts required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are discounted to their present values when the time value of money is material.

xxiii) **Related party transactions**

Related parties include the related Companies, the directors and any employee who is able to exert significant influence on the operating policies of the Group. Key management personnel are also considered related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Group considers two parties to be related if, directly or indirectly one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. Where there is a related party transactions with the Group, the transactions are disclosed separately as to the type of relationship that exists with the Group and the outstanding balances necessary to understand their effects on the financial position and the mode of settlement

Accounting classification and fair value of financial assets and liabilities

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities:

	Amortised cost	Investment in Equity fair value through OCI	Total carrying amount	Fair value
	N'000	N'000	N'000	N'000
31 December 2020				
Financial assets				
Cash and cash equivalents	1,588,263	-	1,588,263	1,588,263
Investment in Joint Komputer Kompany Plc	-	100,000	100,000	100,000
Trade and other receivables	1,818,660	-	1,818,660	1,818,660
	<u>3,406,923</u>	<u>100,000</u>	<u>3,506,923</u>	<u>3,506,923</u>
Financial liabilities				
Trade and other payables	4,125,717	-	4,125,717	4,125,717
Loans and borrowings	1,114,773	-	1,114,773	1,114,773
	<u>5,240,490</u>	<u>-</u>	<u>5,240,490</u>	<u>5,240,490</u>
31 December 2019				
Financial assets				
Cash and cash equivalents	261,446	-	261,446	261,446
Investment in Joint Komputer Kompany Plc	-	100,000	100,000	100,000
Trade and other receivables	2,104,020	-	2,104,020	2,104,020
	<u>2,365,466</u>	<u>100,000</u>	<u>2,465,466</u>	<u>2,465,466</u>
Financial liabilities				
Trade and other payables	3,413,407	-	3,413,407	3,413,407
Loans and borrowings	280,973	-	280,973	280,973
	<u>3,694,380</u>	<u>-</u>	<u>3,694,380</u>	<u>3,694,380</u>

6 **Financial Risk Management**

The Group is exposed through its operations to the following risks:

- Reputational risk
- Technology risk
- Legal Risk
- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange r
- Other market price risk, and
- Economic government/political risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Investments in unquoted equity securities
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Forward currency contracts

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives quarterly reports from the Financial Controller through which it reviews and monitors performance. The Group's internal auditors also review the risk management policies and processes and report their findings to the Audit Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new customers before signing contracts. Such credit ratings are taken into account by business practices.

The Finance Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered from the Finance Committee.

The Finance Committee determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, the Group ensures that substantial amount of the outstanding balance is paid before future credit sales are made to the customers.

Credit risk also arises from cash and cash equivalents with banks and financial institutions. For banks and financial institutions, the Group consider banks that have been approved by the Central Bank of Nigeria.

Cash in bank and short-term deposits

A significant amount of cash is held with the following institutions:

	2020 N'000	2019 N'000
Providus Bank Plc	29,131	111,709
Zenith International Bank Plc	200,701	4,811
First Bank of Nigeria Limited	6,385	379
Access Bank Plc	11	21
United Bank for Africa Plc	271	2,467
Stanbic IBTC Bank	2,204	20
Guarantee Trust Bank	2,131	2,522
Sterling Bank Plc	200,188	-
Others	1,044	2,782
	<u>442,066</u>	<u>124,711</u>

The Finance Committee monitors the utilisation of the credit limits regularly and at the reporting date does not expect any losses from non-performance by the counterparties.

Market risk

Market risk arises from the Group's use of tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates (currency risk) or other market factors (other price risk)

Fair value and cash flow interest rate risk

The Group is exposed to cash flow interest rate from borrowings at floating rate. It is currently Group policy that all existing floating rate borrowings are restructured to fixed rates in order to mitigate against frequent fluctuation in interest rate. This policy is managed across the Group by individual treasury units. Although the board accepts that this policy neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with variability in interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

During 2020 and 2019, the Group's borrowings at variable rate were denominated in Naira

The Group analyses the interest rate exposure on a quarterly basis. A sensitivity analysis is performed by applying a simulation technique to the liabilities that represent major interest bearing positions.

Based on the various scenarios the Group then manages "its cash-flow" interest rate risk by changing from using floating-to-fixed interest rate.

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

In order to monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analysed by the major currencies held by the Group, of liabilities due for settlement and expected cash reserves.

The Group is currently not exposed to foreign exchange risk as it does not have any liability to be settled in foreign currency.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a year of at least 45 days. The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its long-term borrowing.

The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicate that the Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to seek for overdraft facilities. The Group currently maintain a "no borrowing Philosophy".

The liquidity risk of each entity is managed by the treasury function within the entity. To ensure efficiency in liquidity management, the treasury unit manages the funds for each projects within the Group. Projects within each entity are seen as being self funding.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Below '1 year N'000	Between '1 to 2 years N'000	Above 3 years N'000	Total N'000
At 31 December 2020				
Trade and other payables	4,125,717	-	-	4,125,717
Loans and borrowings	1,114,773	-	-	1,114,773
Total	5,240,490	-	-	5,240,490

	Between '1 year N'000	Between '1 to 2 years N'000	Above 3 years N'000	Total N'000
At 31 December 2019				
Trade and other payables	3,413,407	-	-	3,413,407
Loans and borrowings	280,973	-	-	280,973
Total	3,694,380	-	-	3,694,380

Capital Disclosures

The Group monitors "adjusted capital" which comprises all components of equity (i.e. share capital share premium, non-controlling interest, retained earnings, and revaluation reserves)

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the debt to adjusted capital ratio. This ratio is calculated as net debt to adjusted capital as defined above. Net debt is calculated as total debt (as shown in the consolidated statement of financial position) less cash and cash equivalents.

The objective of this strategy is to secure access to finance at reasonable cost by maintaining a high credit rating. The debt-to-adjusted-capital ratios at 31 December 2020 and at 31 December 2019 were as follows:

	Group		Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Loans and borrowings	1,114,773	280,973	976,444	252,611
Less: cash and cash equivalents	(1,588,263)	(261,446)	(442,070)	(124,718)
Net debt	(473,490)	19,527	534,374	127,893
Total equity	1,429,112	1,974,844	3,350,045	3,696,562
Total adjusted capital	1,429,112	1,974,844	3,350,045	3,696,562
Debt to adjusted capital ratio (%)	-33%	1%	16%	3%

The decrease in the debt to adjusted capital ratio during 2020 resulted primarily from the decrease in net debt arising from settlement of outstanding loans and borrowings during the year.

7 Segment information (Group) 2020

	Identity management & Solution 2020 N'000	Others 2020 N'000	Total 2020 N'000
Revenue	1,925,475	185,813	2,111,288
Cost of sales	(1,221,446)	(130,327)	(1,351,773)
Gross profit	704,029	55,486	759,515
Total gross profit from external customers	704,029	55,486	759,515
Group gross profit per consolidated statement of comprehensive income	704,029	55,486	759,515
Depreciation	(62,387)	-	(62,387)
Segment profit	641,642	55,486	697,128
Other operating income			36,710
Depreciation of head office building			(40,000)
Finance expenses			(127,337)
Finance income			1,109
Administrative expenses			(1,480,737)
Group profit before tax			(913,127)

Segment financial position as at 31 December 2020

	N'000	N'000	N'000
Property plant and equipment (carrying amount)	2,447,537	-	2,447,537
Investment project	460	-	460
Investment in equities at FVTOCI	100,000	-	100,000
Intangible assets	825,946	-	825,946
Deposit for investments	-	-	-
Current assets	3,606,612	-	3,606,612
Current liabilities	(5,551,444)	-	(5,551,444)
Non-current liabilities	-	-	-
Net assets as at 31 December 2020	1,429,112	-	1,429,112

Segment information (Group) 2019

	N'000	N'000	N'000
Revenue	3,100,004	185,813	3,285,817
Cost of sales	(2,147,146)	(130,327)	(2,277,473)
Gross profit	952,858	55,486	1,008,344
Total gross profit from external customers	952,858	55,486	1,008,344
Group gross profit per consolidated statement of comprehensive income	952,858	55,486	1,008,344
Depreciation	(154,118)	-	(154,118)
Segment profit	798,740	55,486	854,226
Other operating income			617,748
Depreciation of head office building			(40,000)
Finance expenses			(11,616)
Finance income			3,727
Administrative expenses			(1,065,226)
Group profit before tax			358,859

Segment financial position as at 31 December 2019

	Identity management & Solution N'000	Others N'000	Total N'000
Property plant and equipment (carrying amount)	2,512,096	-	2,512,096
Investment project	460	-	460
Investment in equities at FVTOCI	100,000	-	100,000
Intangible assets	771,728	-	771,728
Deposit for investments	-	-	-
Current assets	2,568,481	-	2,568,481
Current liabilities	(3,977,921)	-	(3,977,921)
Non current liabilities	-	-	-
Net assets as at 31 December 2019	1,974,844	-	1,974,844

Segment information (Company) 2020

	N'000	N'000	N'000
Revenue	454,912	-	454,912
Cost of sales	(147,693)	-	(147,693)
Gross profit	307,219	-	307,219

Gross profit per statement of comprehensive income	307,219	-	307,219
Depreciation	(48,839)	-	(48,839)
Segment Profit	258,380	-	258,380

Other operating income			42,347
Depreciation of head office building			(40,000)
Finance income			618
Finance expense			(108,454)
Administrative expenses			(498,165)
Company profit before tax as at 31 December 2020			(345,274)

Segment financial position as at 31 December 2020

Property plant and equipment (carrying amount)	1,844,028	-	1,844,028
Investment projects	460	-	460
Investment in Subsidiaries	2,304,322	-	2,304,322
Investment in equities at FVTOCI	100,000	-	100,000
Investment in Subsidiaries	-	-	-
Loan receivables	-	-	-
Current assets	1,264,152	-	1,264,152
Current liabilities	(2,162,917)	-	(2,162,917)
Net assets	3,350,045	-	3,350,045

<u>Segment information Company 31</u> <u>December 2019</u>	Identity management & Solution 2019 N'000	Others 2019 N'000	Total 2019 N'000
Revenue	469,066	-	469,066
Cost of sales	(239,695)	-	(239,695)
Gross profit	229,371	-	229,371
Gross profit per statement of comprehensive income	229,371	-	229,371
Depreciation	(134,165)	-	(134,165)
Segment Profit	95,206	-	95,206
Other operating income			535,656
Depreciation of head office building			(40,000)
Finance income			1,024
Finance expenses			(10,745)
Administrative expenses			(450,752)
Company profit before tax as at 31 December 2019			130,389
Segment financial position as at 31 December 2019			
	N'000	N'000	N'000
Property plant and equipment (carrying amount)	1,868,384	-	1,868,384
Investment projects	460	-	460
Investment in Subsidiaries	2,453,826	-	2,453,826
Investment in equity at FVTOCI	100,000	-	100,000
Loan receivables	-	-	-
Current assets	704,433	-	704,433
Current liabilities	(1,430,541)	-	(1,430,541)
Net assets	3,696,562	-	3,696,562

Revenue from contract with customers

The Company has disaggregated revenue into various categories as analysed below:

	Group		Company	
	2020	2019	2020	2019
8(a) Product line Category	N'000	N'000	N'000	N'000
Business process outsourcing	99,956	305,282	214	30,163
Chams core	420,991	527,911	420,991	421,484
Membership	7	3	7	3
E- voting	137,442	7,238	9,255	7,238
Confirm me	9,318	7,623	9,318	7,623
BVN Sales and Maintenance	805,832	1,028,503	14,144	597
Sales of computer	-	344	-	344
Data card products	343,196	1,181,765	-	-
Supply of Cards	-	-	-	-
Identity cards	230,059	36,544	-	-
Managed service Evolving	44,841	155,819	-	-
ATM Transaction fees/charges	-	6,741	-	-
Switching service income	17,429	7,808	-	-
Access control	1,234	7,373	-	-
Computer Base Training	983	1,614	983	1,614
BVN Repairs	-	6,956	-	-
Sales of Automated teller Machine/printer	-	4,293	-	-
Total	2,111,288	3,285,817	454,912	469,066
(b) Customer category		Group		Company
	N'000	N'000	N'000	N'000
Government ministries	520,733	841,001	420,991	421,484
Financial institutions	1,501,309	1,231,900	14,144	597
Private companies	89,246	1,212,916	19,777	46,985
	2,111,288	3,285,817	454,912	469,066
(c) Geographical spread	N'000	N'000	N'000	N'000
Nigeria	2,111,288	3,285,817	454,912	469,066
Other countries	-	-	-	-
	2,111,288	3,285,817	454,912	469,066
9 Cost of sales	N'000	N'000	N'000	N'000
Analysis by operations				
Biometric	147,693	239,695	147,693	239,695
Switching	15,850	27,005	-	-
Scratch Cards and consumables	-	286	-	-
Cost of sales data card and evolving	119,272	242,292	-	-
Cost of sales - E value	45,178	98,128	-	-
BVN	569,816	890,885	-	-
Cost of sales access control	1,933	4,678	-	-
Card supply	375,707	654,829	-	-
Virtual airtime	15,284	4,529	-	-
Other direct costs	61,040	115,146	-	-
	1,351,773	2,277,473	147,693	239,695

		Group		Company	
		2020	2019	2020	2019
		N'000	N'000	N'000	N'000
10	Other operating income				
	Rental Income	-	2,948	24,112	27,060
	Miscellaneous income	806	76,328	3	1,841
	Trade payables no longer required	14,832	526,935	14,832	496,280
	Profit from disposal of property, plant and equipment	-	10,473	3,400	10,473
	Exchange difference	459	1,064	-	2
	Accrued expenses no longer required	-	-	-	-
	Write back of over provision for VAT	17,213	-	-	-
	Total	36,710	617,748	42,347	535,656
		2020	2019	2020	2019
		N'000	N'000	N'000	N'000
11	<u>Finance income and expense</u>				
	Finance income	1,109	3,727	618	1,024
		N'000	N'000	N'000	N'000
	Finance expenses				
	Interest expense on loans and overdraft	(127,337)	(11,616)	(108,454)	(10,745)
	Net finance (expenses)/income recognised in income statement	(126,228)	(7,889)	109,072	11,769
12	<u>(Loss)/earnings per share</u>		Group		Company
		N'000	N'000	N'000	N'000
	(Loss)/profit for the year used in basic EPS	(820,349)	276,548	(346,517)	103,949
	(Loss)/profit used in diluted EPS	(820,349)	276,548	(346,517)	103,949
	Denominator	'000	'000	'000	'000
	Weighted average number of shares used in basic EPS	4,696,060	4,696,060	4,696,060	4,696,060
	Weighted average number of shares used in diluted EPS	4,696,060	4,696,060	4,696,060	4,696,060
		(17)	6	(7)	2

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13(a) Property, plant and equipment (Group)

<u>Cost/valuation</u>	Land N'000	Building N'000	Plant and machinery N'000	Fixtures and fittings N'000	Computer equipment N'000	Equipment N'000	Motor Vehicle N'000	Total N'000
Balance at 1 January 2019	76,667	2,000,000	926,261	304,602	424,948	1,394,242	206,134	5,332,854
Additions	-	-	4,284	1,761	3,205	3,345	11,350	23,945
Disposals	-	-	(23,651)	(695)	-	(65,965)	(19,150)	(109,461)
Adjustments	-	-	-	-	366	456	(2,620)	(1,798)
Balance at 31 December 2019	76,667	2,000,000	906,894	305,668	428,519	1,332,078	195,714	5,245,540
Balance at 1 January 2020	76,667	2,000,000	906,894	305,668	428,519	1,332,078	195,714	5,245,540
Additions	-	-	2,155	190	24,343	6,076	320	33,084
Disposals	-	-	-	(6,606)	-	(1,513)	-	(8,119)
Adjustments	-	-	333	-	-	-	-	333
Balance at 31 December 2020	76,667	2,000,000	909,382	299,252	452,862	1,336,641	196,034	5,270,838
<u>Accumulated depreciation</u>								
Balance at 1 January 2019	-	166,814	368,979	298,101	415,702	1,249,023	165,564	2,664,183
Depreciation charge for the year	-	40,000	30,895	3,161	4,405	98,176	17,481	194,118
On disposal	-	-	23,651	695	-	65,965	19,150	(109,461)
Adjustments	-	-	(12,749)	5	(33)	-	(2,620)	(15,397)
Balance at 31 December 2019	-	206,814	363,474	300,572	420,074	1,281,234	161,275	2,733,444
Balance at 1 January 2020	-	206,814	363,474	300,572	420,074	1,281,234	161,275	2,733,444
Depreciation charge for the year	-	40,000	31,850	3,091	6,262	5,123	16,061	102,387
Disposal	-	-	6,606	-	-	1,513	-	(8,119)
Adjustment	-	-	-	(4,411)	-	-	-	(4,411)
Balance at 31 December 2020	-	246,814	388,718	299,252	426,336	1,284,844	177,336	2,823,301
<u>Carrying amount as at:</u>								
31 December 2020	₦76,667	₦1,753,186	₦520,664	₦0	₦26,526	₦51,797	₦18,698	₦2,447,537
31 December 2019	₦76,667	₦1,793,186	₦543,420	₦5,096	₦8,445	₦50,844	₦34,439	₦2,512,096

The company building was professionally valued by Jide Alabi & Co (Estate Surveyors and Valuers) as at 31 December, 2014 on the basis of their open market values. The revised value of the properties was N2,000,000,000 resulting in a surplus on revaluation of N959,065,000 which has been credited to the property, plant and equipment revaluation account. The revaluation report was dated 31 December 2014.

13(b) Property, plant and equipment (Company)

	Land	Building	Plant and machinery	Fixtures and fittings	Computer equipment	Equipment	Motor Vehicle	Total
<u>Cost/valuation</u>	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2019	20,230	2,000,000	78,232	200,221	73,216	1,163,672	128,070	3,663,641
Additions	-	-	-	580	1,945	367	-	2,892
Disposals	-	-	(23,650)	(695)	-	(65,965)	(19,150)	(109,460)
Balance at 31 December 2019	20,230	2,000,000	54,582	200,106	75,161	1,098,074	108,920	3,557,073
Balance at 1 January 2020	20,230	2,000,000	54,582	200,106	75,161	1,098,074	108,920	3,557,073
Additions	-	-	-	140	24,343	-	-	24,484
Disposals	-	-	6,606	-	-	(1,482)	-	(8,089)
Balance at 31 December 2020	20,230	2,000,000	47,976	200,246	99,504	1,096,592	108,920	3,573,468
<u>Accumulated depreciation</u>								
Balance at 1 January 2019	-	166,814	78,231	198,863	72,084	1,034,328	113,664	1,663,984
Depreciation charge for the year	-	40,000	-	571	1,500	87,610	4,484	134,165
On disposal	-	-	(23,650)	(695)	-	(65,965)	(19,150)	(109,460)
Balance at 31 December 2019	-	206,814	54,581	198,739	73,584	1,055,973	98,998	1,688,689
Balance at 1 January 2020	-	206,814	54,581	198,739	73,584	1,055,973	98,998	1,688,689
Depreciation charge for the year	-	40,000	-	476	5,245	(540)	3,658	48,839
On disposal	-	-	(6,606)	-	-	(1,482)	-	(8,088)
Balance at 31 December 2020	-	246,814	47,975	199,215	78,829	1,053,951	102,656	1,729,440
<u>Carrying amount as at:</u>								
31 December 2020	₦20,230	₦1,753,186	₦1	₦1,031	₦20,675	₦42,640	₦6,264	₦1,844,028
31 December 2019	₦20,230	₦1,793,186	₦1	₦1,367	₦1,577	₦42,101	₦9,922	₦1,868,384

The company building was professionally valued by Jide Alabi & Co (Estate Surveyors and Valuers) as at 31 December, 2014 on the basis of their open market values. The revised value of the properties was N2,000,000,000 resulting in a surplus on revaluation of N959,065,000 which has been credited to the property, plant and equipment revaluation account. The revaluation report was dated 31 December 2014.

14	Investment projects:	Group		Company	
		2020	2019	2020	2019
		N'000	N'000	N'000	N'000
	Investment projects				
	Chams Varsity	4,083	4,083	4,083	4,083
	Chams Consortium	146,589	146,589	146,589	146,589
	Chams Mobile Limited	27,620	27,620	27,620	27,620
	Allowance for impairment	(177,832)	(177,832)	(177,832)	(177,832)
	Total	460	460	460	460

Investment projects represent expenses incurred on behalf of Chams Varsity, Chams.Net and Chams Wallet divisions, and will be converted to shares when these divisions become subsidiaries.

ChamsAccess Limited

The Company is into the sales and maintenance of Dermalog machines, finger print scanners, BVN machines and data card products.

ChamsSwitch Limited

Set up to build an enabling infrastructure to ensure unimpeded expansion of all other E-payment initiatives of Chams Group

ChamsMobile Limited

Setting up more mobile payment platforms that will allow users to carry out transactions through their mobile phones. These transactions range from funds transfer and airtime top-up to balance enquiry

15(a) Intangible assets - Group

<u>Cost</u>	<u>MasterVerve Certificate</u> N'000	<u>Naira .com</u> N'000	<u>Work in progress</u> N'000	<u>NCC Licences</u> N'000	<u>Software Development</u> N'000	<u>Konal solution</u> N'000	<u>Total</u> N'000
Balance at 1 January 2019	48,282	685,264	17,576	150,000	125,349	20,000	1,046,471
Additions - externally acquired	-	19,025	5,992	36,863	240	-	62,120
Adjustments	-	(12,905)	-	-	-	-	(12,905)
Revaluation surplus	-	-	-	-	-	-	-
Accumulated amortisation transfr	-	-	-	-	-	-	-
Balance at 31 December 2019	48,282	691,384	23,568	186,863	125,589	20,000	1,095,686
Balance at 1 January 2020	48,282	691,384	23,568	186,863	125,589	20,000	1,095,686
Additions - externally acquired	-	12,684	41,223	-	591	-	54,498
Adjustments	-	1,155	(1,155)	-	-	-	-
Revaluation surplus	-	-	-	-	-	-	-
Accumulated amortisation transfr	-	-	-	-	-	-	-
Balance at 31 December 2020	48,282	705,223	63,636	186,863	126,180	20,000	1,150,184

Amortisation

Balance at 1 January 2019	48,282	-	-	150,000	125,349	-	323,631
Amortisation charge for the year	-	-	-	-	328	-	328
Balance at 31 December 2019	48,282	-	-	150,000	125,677	-	323,959
Balance at 1 January 2020	48,282	-	-	150,000	125,677	-	323,959
Amortisation charge for the year	-	-	-	-	279	-	279
Transfer of accumulated amortisation	-	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-	-
Balance at 31 December 2020	48,282	-	-	150,000	125,956	-	324,238

Carrying amount as at:

31 December 2019	-	691,384	23,568	36,863	(88)	20,000	771,727
31 December 2020	-	705,223	63,636	36,863	224	20,000	825,946

The Group's intangible assets were independently valued by WisdomHouse Resources and Services Limited (FRC/2013/ICAN/00000003808) as at 31 December 2018 to ascertain the open market value of the assets. The Valuer's opinion of the market value was primarily derived from analysis of recent evidence of market transactions on comparable assets within the neighbourhood. The valuation resulted in a revaluation surplus of N432,247,000 on Naira.com which has been credited to revaluation reserve.

15(b) Intangible assets - Company

	Software Development N'000	Total N'000
<u>Cost</u>		
Balance at 1 January 2019	125,349	125,349
Additions	-	-
Balance at 31 December 2019	<u>125,349</u>	<u>125,349</u>
Balance at 1 January 2020	125,349	125,349
Additions	-	-
Balance at 31 December 2020	<u>125,349</u>	<u>125,349</u>
<u>Amortisation</u>		
Balance at 1 January 2019	125,349	125,349
Amortisation charge for the year	-	-
Balance at 31 December 2019	<u>125,349</u>	<u>125,349</u>
Balance at 1 January 2020	125,349	125,349
Amortisation charge for the year	-	-
Balance at 31 December 2020	<u>125,349</u>	<u>125,349</u>
<u>Carrying amount as at:</u>		
31 December 2019	<u>N-</u>	<u>N-</u>
31 December 2020	<u>N-</u>	<u>N-</u>

16 Investment in subsidiaries

Composition of the Group

Name of the Subsidiary	Country of incorporation and principal place of business	Principal Activities	Proportion of ownership Interests held by the Group	
			2020	2019
Card Centre Nigeria Limited	Nigeria	Printing of payment/ financial cards	85.33%	85.33%
Chams Access Limited	Nigeria	Development of ATM, POS, printers and terminals	90.29%	78.02%
Chams Switch Limited	Nigeria	Processing of electronic payment	71.25%	85.13%

As at 31 December 2020

	Card Centre Nigeria Limited N'000	Chams Access Limited N'000	ChamsSwitch Limited N'000
Revenue	395,410	1,046,415	214,551
Cost of sales	(395,746)	(730,561)	(77,773)
Gross profit	(336)	315,854	136,778
Other operating income	425	466	17,618
Administrative expenses	(660,313)	(267,575)	(92,344)
(Loss)/profit from operating activities	(660,224)	48,745	62,052
Net finance (expenses)/income	(18,883)	457	-
(Loss)/profit before taxation	(679,107)	49,202	62,052
Taxation	(990)	(25,207)	(4,316)
(Loss)/profit after tax for the year	(680,097)	23,995	57,736
Profit allocated to NCI	(99,770)	2,330	8,585
Other comprehensive income allocated to NCI	-	-	-
Total comprehensive income allocated to NCI	(99,770)	2,330	8,585
Cash (generated)/inflow from operating activities	(100,821)	(83,604)	894,773
Cash outflow from investing activities	(4,247)	79,139	(56,860)
Cash inflow from financing activities	91,084	-	190,000
Net cash outflow	(13,984)	(4,465)	1,027,913
As at 31 DECEMBER 2020			
Total assets	1,152,516	884,509	1,885,552
Total liabilities	(2,416,290)	(391,107)	(1,402,567)
Equity	(1,263,774)	493,402	482,985
Percentage of holding	85.33%	78.02%	85.13%

As at 31 December 2019

	Card Centre Nigeria Limited N'000	Chams Access Nigeria Limited N'000	ChamsSwitch Limited N'000
Revenue	1,016,695	1,614,242	185,813
Cost of sales	(704,206)	(1,202,645)	(130,927)
Gross profit	312,489	411,597	54,886
Other operating income	27,751	8,883	69,570
Administrative expenses	(326,184)	(252,478)	(79,877)
Profit from operating activities	14,056	168,002	44,580
Net finance(expense)/ income	(826)	2,658	-
Profit before taxation	13,230	170,660	44,580
Taxation	(7,567)	(25,467)	(2,228)
Profit after tax for the year	5,663	145,193	42,352
Profit allocated to NCI	831	31,913	6,298
Other comprehensive income allocated to NCI	-	-	-
Total comprehensive income allocated to NCI	831	31,913	6,298
Cash generated from operating activities	31,342	109,112	5,567
Cash outflows from investing activities	(46,897)	(4,328)	(16,751)
Cash inflow from financing activities	24,679	(49,810)	2,000
Net cash inflows/(outflow)	9,124	54,974	(9,184)
As at 31 December 2019	N'000	N'000	N'000
Total assets	1,793,663	828,194	749,552
Total liabilities	(2,377,340)	(439,787)	(534,304)
Equity	(583,677)	388,407	215,248
Percentage of holding	85.33%	78.02%	85.13%

Subsidiary with material non-controlling interests

The Group includes one subsidiary, Chams Access Limited with material non-controlling interests (NCI) as at 31 December 2020. However, as result of additional investment of N1,000,000,000 by Chams Plc, the non-controlling interest become insignificant.

c) Interest in unconsolidated structured entities

The Group has no interests in unconsolidated structured entities

d) Investment in associate

The Group's only investment in associate is in Paymaster Limited. No dividend were received from Paymaster Limited during 2020 and 2019. The investment in Paymaster Limited has been fully provided for based on diminution in value.

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
e) Analysis of investment in subsidiaries				
Card Centre Nigeria Limited	-	-	1,531,302	1,531,302
Chams Access Limited (e(i))	-	-	1,810,600	1,810,600
Chams Switch Limited	-	-	806,343	806,343
	-	-	4,148,245	4,148,245
f) Impairment provision for value of subsidiaries				
Card centre Limited	-	-	(1,531,302)	(981,798)
Chams Access	-	-	(113,370)	(113,370)
Chams Switch	-	-	(199,251)	(599,251)
Net investment in subsidiaries	-	-	2,304,322	2,453,826
17 Investment in equity accounted entities				
Paymaster Nigeria Limited	263,471	263,471	263,471	263,471
Impairment allowance for value of investment	(263,471)	(263,471)	(263,471)	(263,471)
Net investment in associate	-	-	-	-
18 Investment in equity at FVTOCI				
Unitec Nigeria Limited	1,500	1,500	1,500	1,500
Joint Komputer Kompany Limited	100,000	100,000	100,000	100,000
	101,500	101,500	101,500	101,500
Impairment provision	(1,500)	(1,500)	(1,500)	(1,500)
Net Investment in equity accounted enties	100,000	100,000	100,000	100,000

		Group		Company	
		2020	2019	2020	2019
		N'000	N'000	N'000	N'000
19	Loan receivables				
	Loan due from Chams Access				
	Balance at beginning of the year	-	-	-	49,810
	Reclassification from Intercompany	-	-	-	(49,810)
	Repayments	-	-	-	-
	Balance at the end of the year	-	-	-	-
20	Inventory	N'000	N'000	N'000	N'000
	Terminals and consumables	199,689	203,015	-	23,768
	Work in progress	-	-	-	-
		199,689	203,015	-	23,768
21(a)	Trade and other receivables	N'000	N'000	N'000	N'000
	Trade receivables	3,563,526	3,724,886	2,335,903	2,356,984
	Less: provision for impairment of trade receivables (21(c))	(2,542,650)	(2,266,417)	(2,014,472)	(1,996,888)
	Trade receivables - net	1,020,876	1,458,469	321,431	360,096
	Receivables from subsidiary companies (Note 21(e)(i))	-	-	51,723	19,802
	Receivables from related parties (Note 21(e)(ii))	-	-	-	-
	Total financial assets other than cash and cash equivalents classified as loans and receivables	1,020,876	1,458,469	373,154	379,898
	Prepayments	19,233	26,799	4,186	7,131
	Other receivables (Note 21(b))	778,551	618,752	444,742	168,918
	Total trade and other receivables	1,818,660	2,104,020	822,082	555,947
(b)	Other receivables	N'000	N'000	N'000	N'000
	Withholding tax	278,190	415,496	148,060	110,815
	Prepaid expenses	40,000	-	-	-
	Directors current account	20,849	23,822	67	67
	VAT	44,535	44,124	2,376	2,376
	Staff receivables	49,140	95,046	48,615	79,186
	Other receivables	50,276	60,254	-	1,464
	Argone Retail Business	57,703	-	-	-
	Transit Account	244,217	-	244,217	-
	Deposit for shares	5,000	5,000	-	-
	Deposit for license	50,000	50,000	50,000	50,000
	Less impairment allowance on staff loans and directors current account (Note 21(d))	(61,359)	(74,990)	(48,593)	(74,990)
	Total other receivables	778,551	618,752	444,742	168,918

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(c) Movement in impairment allowance for trade receivables

	Group		Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Balance at beginning of the year	2,266,417	2,342,373	1,996,888	2,133,477
Additions during the year	276,233	60,633	17,584	-
Write off	-	(136,589)	-	(136,589)
Balance at the end of the year	2,542,650	2,266,417	2,014,472	1,996,888

(d) Movement in impairment allowance for staff loans

	N'000	N'000	N'000	N'000
	2020	2019	2020	2019
Balance at beginning of the year	74,990	74,990	74,990	74,990
Write off	12,767	-	-	-
Write back during the year	(26,398)	-	(26,397)	-
Balance at the end of the year	61,359	74,990	48,593	74,990

Allowance for doubtful receivables was made on trade and other receivables which have been past due. Receivables are considered to be past due when they exceed the credit granted or are over 365 days.

(e) Receivables from subsidiaries and other related parties

	N'000	N'000	N'000	N'000
	2020	2019	2020	2019
(i) Receivables from subsidiaries				
Card Centre Nigeria Limited	-	-	722,985	706,466
Chams Switch Limited	-	-	1,281	-
Chams Access Limited	-	-	14,121	-
Allowance for impairment of amount receivable from subsidiaries	-	-	(686,664)	(686,664)
	-	-	51,723	19,802
(ii) Receivables from related parties				
Chams Consortium	-	-	41,875	41,875
Chams mobile	-	-	27,838	27,838
Provision for impairment on receivables from related Company	-	-	(69,713)	(69,713)
Transfer to deposit for investment	-	-	-	-
	-	-	-	-

(f) The ageing analysis of trade receivables that are past due is stated below:

	N'000	N'000	N'000	N'000
	2020	2019	2020	2019
Up to 3 months	1,347	669,629	1,347	38,852
3 to 6 months	6,222	299,576	6,222	111,223
6 to 12 months	-	388,665	-	367,558
Over 12 months	3,555,957	2,367,016	2,328,334	1,839,351
	3,563,526	3,724,886	2,335,903	2,356,984

Movement in impairment allowance for trade receivables are disclosed in notes 21(c) and 21(d)

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

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NOTES TO THE FINANCIAL STATEMENTS

22(a) <u>Income tax</u>	Group		Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Current tax expense	28,078	31,141	1,243	25,129
Current tax on loss for the year:				
Income Tax/Minimum Tax	3,186	3,651	-	-
Education tax	-	7	-	7
Police fund level	492	132	-	-
Information Technology Tax	-	1,304	-	1,304
NIITDA	-	-	-	-
Write back of overprovision	-	-	-	-
Additional education tax	-	-	-	-
	31,756	36,235	1,243	26,440
Deferred tax expense	-	-	-	-
Originating and reversal of temporary differences	-	-	-	-
Total current tax	31,756	36,235	1,243	26,440

- (b) The reasons for the difference between the actual tax charge for the year and the standard rate of corporate tax in Nigeria applied to profits for the year are as follows:

	N'000	N'000	N'000	N'000
(Loss)/profit for the year	(913,127)	358,859	(345,274)	130,389
Corporate tax at the domestic rate of 30% (2019: 30%)	(273,937)	56,460	(103,582)	39,117
Effect of income that is exempt from taxation	186,406	(174,859)	(1,020)	(161,485)
Effect of expenses that are not deductible in determining taxable profit	76,709	53,834	-	52,720
Current year fiscal losses	-	-	65,069	-
Investment allowance	38,904	66,507	38,904	66,507
Capital allowance	(17)	-	-	-
Minimum tax	(3,431)	-	-	-
Education tax	2,815	3,274	1,245	2,345
Information Technology Tax	3,186	3,651	-	-
Balancing charge	492	132	-	-
Underprovision	1,020	3,142	1,020.00	3,142
NIITDA	-	22,784	-	22,784
Police fund level	-	22,784	-	22,784
	-	1,304	(391)	1,304
	-	7	-	7
Total current tax	31,756	36,235	1,245	26,440
Effective rate (%)	(3)	10	(0)	20

FINANCIAL STATEMENTS, 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

(c) Group	Opening Balance at 1 January 2020	Recognize in net income	Recognize in OCI	Reclassify from equity to net income	Closing Balance at 31 December 2020
	N'000	N'000	N'000	N'000	N'000
Deferred tax liabilities					
Excess of NBV over TWDV	259,741	-	-	-	259,741
Deferred tax liability	259,741	-	-	-	259,741
Deferred tax assets	N'000	N'000	N'000	N'000	N'000
Unutilised capital allowances	544,792	-	-	-	544,792
Write off	(285,051)	-	-	-	(285,051)
Deferred tax assets	259,741	-	-	-	259,741
Net deferred tax liability movement	-	-	-	-	-

Company	Opening Balance at 1 January 2020	Recognize in net income	Recognize in OCI	Reclassify from equity to net income	Closing Balance at 31 December 2020
	N'000	N'000	N'000	N'000	N'000
Deferred tax liabilities					
Excess of NBV over TWDV	259,741	-	-	-	259,741
Deferred tax liability	259,741	-	-	-	259,741
Deferred tax assets	N'000	N'000	N'000	N'000	N'000
Unutilised capital allowances	544,792	-	-	-	544,792
Write off	(285,051)	-	-	-	(285,051)
Deferred tax assets	259,741	-	-	-	259,741
Net deferred tax liability movement	-	-	-	-	-

	Group		Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
(d) Corporate tax liability				
Per Statement of Financial Position				
Balance as at the beginning of the year	283,541	315,833	223,232	231,856
Charge/originating timing difference for the year	31,756	36,235	1,243	26,440
Over provision written back	23,157	-	-	-
	338,454	352,068	224,475	258,296
Payment during the year	(27,500)	(68,527)	(3,519)	(35,064)
Per Statement of Financial Position	310,954	283,541	220,956	223,232

(e) The amount provided as income tax on the results of the Group and the Company is based on the provisions of Companies Income Tax Act CAP 21 LFN 2004 (as amended)

(f) Education tax for the Group and the Company is computed at 2% of assessable profit in line with Education Tax Act CAP E4 LFN, 2004 as amended.

		Group		Company	
		2020	2019	2020	2019
				N'000	N'000
23	<u>Trade and other Payables</u>				
	Trade payables	916,059	1,050,791	3,031	14,262
	Other payables and accruals (Note 23(a))	3,209,658	2,362,616	962,486	873,304
	Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	4,125,717	3,413,407	965,517	887,566
	Payable to subsidiary companies(Note 25)	-	-	-	67,132
	Total trade and other payables	4,125,717	3,413,407	965,517	954,698
23(a)	<u>Other payables and accruals</u>	N'000	N'000	N'000	N'000
	Advances from customers	4,906	104,034	3,606	64,602
	Staff payable	264,914	288,993	137,032	155,848
	Sundry creditors	305,923	355,593	166,767	181,601
	ChamsCooperative	16,645	14,811	12,294	12,294
	Withholdingtax	15,511	14,051	4,647	3,461
	Value Added Tax	456,735	354,832	137,658	105,677
	Deposit for shares	264,963	264,963	10,030	10,030
	Accrued audit fee	1,800	1,800	-	-
	Accruals	451,927	373,833	249,770	157,445
	Dividend payable	65,452	27,929	65,452	27,929
	Pension payable	171,674	153,485	79,695	67,448
	Paye payable	92,099	82,500	53,121	44,794
	NHF payable	32,172	26,294	21,359	20,096
	Industrial training fund payable	18,228	19,239	15,453	15,453
	MFB deposits	6,361	15,564	-	-
	E-value deposits	884,023	20,810	-	-
	Accrued tax penalty	2,375	3,106	-	731
	NSITF	-	4,560	3,852	2,895
	Deferred revenue	119,342	140,146	-	-
	Accrued directors allowance	34,608	96,073	1,750	3,000
		3,209,658	2,362,616	962,486	873,304
24	<u>Loans and borrowings</u>			N'000	N'000
	Bank Loan (Note 24(a))	1,114,773	280,973	976,444	252,611
	Other unsecured loan (Note 24(b))	-	-	-	-
	Total Loans and borrowings	1,114,773	280,973	976,444	252,611
24(a)	<u>Movement in bank loans</u>	N'000	N'000	N'000	N'000
	Balance at beginning of the year:	280,973	24,816	252,611	-
	Addition during the year	1,100,000	283,174	1,000,000	275,000
	Interest accrued	18,217	872	-	-
	Repayments	(284,417)	(27,889)	(276,167)	(22,389)
	Balance at the end of the year	1,114,773	280,973	976,444	252,611
	<u>Security on Facility</u>				

1. Admission into mortgage debenture on Head Office property.
2. Domiciliation of contract proceeds upon utilization of CFF
3. Personal Guarantee of Sir Demola Aladekomo, Former Group Managing Director
4. Personal Guarantee of two directors of Chams Plc supported by statements of net worth
5. All Assets Debenture

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
24(b) Movement in other unsecured loans				
Balance at beginning of the year:	-	128,158	-	-
Repayment	-	(128,158)	-	-
Accrued interest	-	-	-	-
Balance at the end of the year	-	-	-	-
	N'000	N'000	N'000	N'000
Current	-	-	-	-
Non current	-	-	-	-
25 <u>Due to related party</u>	N'000	N'000	N'000	N'000
Chams Access	-	-	-	62,960
Card Centre	-	-	-	-
Chams Switch	-	-	-	4,172
	-	-	-	67,132
26 <u>Share capital</u>				
	Group		Company	
	Value	Value	Value	Value
	N'000	N'000	N'000	N'000
Authorised:				
10 billion ordinary shares of 50 kobo each	5,000,000	5,000,000	5,000,000	5,000,000
	Number	Number	Number	Number
	'000	'000	'000	'000
10 billion ordinary shares of 50k each	10,000,000	10,000,000	10,000,000	10,000,000
Issued and fully paid:				
	Value	Value	Value	Value
	N'000	N'000	N'000	N'000
4,696,060,000 ordinary shares of 50 kobo each	2,348,030	2,348,030	2,348,030	2,348,030
	Number	Number	Number	Number
	'000	'000	'000	'000
4,696,060,000 ordinary share of 50k each	4,696,060	4,696,060	4,696,060	4,696,060
27 <u>Reserves</u>				
(i) <u>Share premium</u>	N'000	N'000	N'000	N'000
Share premium	35,008	35,008	35,008	35,008
	35,008	35,008	35,008	35,008
(ii) <u>Revaluation reserve</u>	N'000	N'000	N'000	N'000
Opening balance	1,482,164	1,482,164	959,065	959,065
Surplus on revaluation	-	-	-	-
Balance at the end of the year	1,482,164	1,482,164	959,065	959,065

	Group		Company	
(iv) Retained earnings	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Balance at the beginning of the year	(1,767,226)	(1,915,647)	354,459	391,391
Adjustment of over depreciation (Note 27(v))	-	-	-	-
Restated balance	(1,767,226)	(1,915,647)	354,459	391,391
Transfer from share premium	-	-	-	-
Adjustment for over depreciation	-	12,754	-	-
Transfer from income statement	(820,349)	276,548	(346,517)	103,949
Dividend paid	-	(140,881)	-	(140,881)
Balance at the end of the year	(2,587,575)	(1,767,226)	7,942	354,459
(v) There was a reversal of over depreciation of building asset in prior year				
28 Capital reserve	N'000	N'000	N'000	N'000
Opening balance	145,522	145,522	-	-
Capital reserve on consolidation	-	-	-	-
Balance at the end of the year	145,522	145,522	-	-
29 Non-controlling interests	N'000	N'000	N'000	N'000
Share capital	783,376	826,328	-	-
Share premium	126,027	126,027	-	-
Revenue reserves	(951,410)	(1,268,979)	-	-
Revaluation reserves	47,970	47,970	-	-
	5,963	(268,654)	-	-
30 Cash and cash equivalents				
Comprises:	N'000	N'000	N'000	N'000
Bank and cash balances	1,586,371	169,051	442,070	124,718
Short term deposit	1,892	92,395	-	-
	1,588,263	261,446	442,070	124,718
Bank overdraft/borrowings	(1,114,773)	(280,973)	(976,444)	(252,611)
	473,490	(19,527)	(534,374)	(127,893)

31. **Guarantees and other financial commitments**

Capital commitments

There were no capital commitments authorised by the Directors as at 31 December, 2020 (31 December 2019 - Nil).

Contingent liabilities

- The contingent liability in respect of a pending litigation with a member of the group is three hundred and fifty million Naira (N350,000,000) with respect to certain contracts executed between the group and a third party.
- In the opinion of the legal counsel, the group has fifty percent chance of winning the suit.

32) **Events after the reporting period**

During the first half of 2020 we have assisted to the advent of the COVID-19 virus and the various measures taken by Governments across the world to curtail the spread of the virus, with its toll on many economies leading to drastic reduction in the economic activities across the world. This is a non-adjusting event occurring after the reporting date that does not provide evidence of conditions that existed at the end of the reporting period.

COVID-19 Impact on our Going-concern

Our business is expected to continue operations in the foreseeable future as we expect that the COVID-19 global impact would not affect our business sustainability as an eSolution company. Though there are still some uncertainties arising from the ongoing pandemic, our financial statements have been prepared under the going concern assumption.

33. Comparative figures

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year in accordance with International Accounting Standard (IAS)1

34. Related party transactions

Related parties include the Board of Directors, the Group Executive Board, the Group Managing Director, close family members and companies which are controlled by these individuals.

During the year, the Company transacted business to/from its subsidiaries and associated companies

The related party transactions arose among others from rents due and payments to suppliers. As at 31 December 2020 balances due from and to related Companies were as stated in Notes 21(e) and 25 to the consolidated financial statements respectively. The significant transactions with the related parties are disclosed below:

Transactions with Subsidiaries

- Rent and service charges to Chams Access Limited is N5.28million
- Rent and service charges to Card Centre Nigeria Limited is N15.83 million
- Rent and service charges to Chams Switch Nigeria Limited is N3.8 million

Other related parties

- Working capital loan from Cards Centre Nigeria Limited from Chams Plc is N331million.

36. Staff Costs

Information regarding Directors and Employees

Staff Costs (including directors) Comprise:

	Group		Company	
	2020	2019	2020	2019
	N'000	N'000	N'000	N'000
Wages and salaries	435,744	491,048	229,479	246,020
Pension contribution	30,999	16,837	13,973	13,872
	466,743	507,885	243,452	259,892
Emoluments of Directors of the Company were -				
Fee:	N'000	N'000	N'000	N'000
Chairman	2,500	2,500	2,500	2,500
Other Directors	21,830	18,350	10,000	10,000
	24,330	20,850	12,500	12,500
Fees (excluding pensions contributions) include amounts paid to				
	N'000	N'000	N'000	N'000
The Chairman	2,500	2,500	2,500	2,500
The highest paid Director	2,500	2,500	2,500	2,500

CHAMS PLC AND ITS SUBSIDIARY COMPANIES
FINANCIAL STATEMENTS, 31 DECEMBER 2020
OTHER NATIONAL DISCLOSURE
CONSOLIDATED AND SEPARATE STATEMENT OF VALUE ADDED

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	GROUP				COMPANY			
	2020 N'000	%	2019 N'000	%	2020 N'000	%	2019 N'000	%
Sales of products and services	2,111,288		3,285,817		454,912		469,066	
Other income	36,710		617,748		42,347		535,656	
	2,147,998		3,903,565		497,259		1,004,722	
Bought in materials and services:-								
- Imported	-		-		-		-	
- Local	(2,458,890)		(2,920,067)		(458,247)		(536,283)	
Value (eroded)/added	(310,892)	(100)	983,498	100	39,013	100	468,439	100
Applied as follows:								
To pay employees:								
Employees' wages, salaries and other benefits	435,744	(140)	491,048	50	229,479	588	246,020	53
To pay Government:								
Income tax	(31,756)	(10)	(36,235)	(4)	(1,243)	(3)	(26,440)	(6)
To pay providers of capital:								
Finance costs	127,337	41	11,616	1	108,454	(278)	10,745	2
To provide for replacement of assets and growth:								
- Depreciation of property, plant and equipment	102,387	33	194,118	20	48,839	(125)	134,165	29
- Amortisation of intangible assets	279	-	327	(0)	-	-	-	-
- Retained earnings	(944,883)	(304)	322,624	33	(346,517)	888	103,949	22
	(310,892)	(380)	983,498	100	39,013	1,071	468,439	100

CHAMS PLC AND ITS SUBSIDIARY COMPANIES
OTHER NATIONAL DISCLOSURE
CONSOLIDATED AND SEPARATE FINANCIAL SUMMARY
31 DECEMBER 2020

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	GROUP					COMPANY				
	2020	2019	2018	2017	2016	2020	2019	2018	2017	2016
ASSETS/(LIABILITIES)	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Property, plant and equipment	2,447,537	2,512,096	2,663,076	2,809,867	2,936,146	1,844,028	1,868,384	1,994,062	2,117,728	2,262,419
Intangible assets	825,946	771,728	722,840	120,986	157,140	-	-	-	-	75,652
Long term investments	100,000	100,000	100,000	100,000	100,000	2,404,322	2,553,826	2,553,826	2,553,826	1,945,985
Investment projects	460	460	460	460	-	460	460	460	460	-
Deferred tax asset	-	-	-	-	-	-	-	-	-	-
Loan receivables	-	-	-	-	-	-	-	49,810	192,747	-
Deposit for investments	-	-	13,248	-	-	-	-	-	-	1,207,092
Net current (liabilities)/assets	(1,944,832)	(1,409,440)	(1,846,384)	(2,454,289)	(1,357,545)	(898,765)	(726,108)	(870,259)	(1,522,658)	(414,925)
	1,429,112	1,974,844	1,653,241	577,024	1,835,741	3,350,045	3,696,562	3,727,899	3,342,103	5,076,223
CAPITAL AND RESERVES										
Share capital	2,348,030	2,348,030	2,348,030	2,348,030	2,348,030	2,348,030	2,348,030	2,348,030	2,348,030	2,348,030
Share premium	35,008	35,008	35,008	5,458,750	5,458,750	35,008	35,008	35,008	5,458,750	5,458,750
Fixed assets revaluation reserve	1,482,164	1,482,164	1,482,164	959,065	959,065	959,065	959,065	959,065	959,065	959,065
Revenue reserve	(2,587,575)	(1,767,226)	(1,921,242)	(7,683,783)	(6,429,119)	7,942	354,459	385,796	(5,423,742)	(3,689,622)
Capital reserve	145,522	145,522	145,522	145,522	145,522	-	-	-	-	-
Non-controlling interests	5,963	(268,654)	(436,241)	(650,560)	(646,507)	-	-	-	-	-
Total equity	1,429,112	1,974,844	1,653,241	577,024	1,835,741	3,350,045	3,696,562	3,727,899	3,342,103	5,076,223
REVENUE AND PROFIT										
Revenue	2,111,288	3,285,817	3,012,513	1,956,517	1,482,037	454,912	469,066	584,392	608,314	641,435
(Loss)/profit before taxation	(913,127)	358,859	301,614	(1,238,920)	(1,471,916)	(345,274)	130,389	269,440	(1,716,649)	(1,873,838)
Taxation income/expenses	(31,756)	(36,235)	78,534	(30,297)	(46,696)	(1,243)	(26,440)	116,356	(17,471)	(34,595)
(Loss)/profit after taxation	(944,883)	322,624	380,148	(1,269,217)	(1,518,612)	(346,517)	103,949	385,796	(1,734,120)	(1,908,433)
Attributable to:										
Owners of the Company	(820,349)	276,548	338,799	(1,428,709)	(3,251,697)	-	-	-	-	-
Non controlling interest	(124,534)	46,076	41,349	(89,903)	(153,619)	-	-	-	-	-
PER SHARE DATA (Kobo):										
(Loss)/earnings per share										
Basic(kobo)	(17)k	6k	-7 k	-27 k	-30 k	(7)k	2k	8k	(37)k	-39 K
(Loss)/earnings per share										
Diluted(kobo)	(17)k	6k	-7 k	-27 k	-30 k	(7)k	2k	8k	(37)k	-39 k
Net assets per share (kobo)	30k	42k	35 k	12 k	39 k	71k	79k	79k	71k	108 k