C & I LEASING PLC

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED 31 MARCH 2021

C & I LEASING PLC

FOR THE FIRST QUARTER ENDED 31 MARCH 2021

Contents

C&I LEASING PLC

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

		Group		Company	
		31 March 2021	31 December 2020	31 March 2021	31 December 2020
	Notes	N'000	N'000	N'000	N'000
Assets					
Cash and balances with banks	10.	**1,711,637**	1,453,910	**1,440,543**	1,161,021
Loans and receivables	11.	**708,792**	543,874	**692,817**	526,898
Trade and other receivables	12.	**13,941,511**	13,308,926	**12,330,470**	11,682,825
Due from related companies		**-**	-	**4,865,999**	5,207,439
Finance lease receivables	13.	**2,378,747**	2,313,173	**2,234,460**	2,221,289
Available for sale assets	14.	**7,977**	7,335	**7,977**	7,335
Investment in subsidiaries	15.	**-**	-	**759,467**	759,467
Investment in joint ventures		**3,137,281**	2,952,373	**3,137,281**	2,952,373
Other assets	16.	**794,729**	647,720	**681,811**	561,537
Operating lease assets	17.	**31,904,260**	32,521,421	**17,072,729**	17,439,055
Property, plant and equipment	18.	**1,384,037**	1,423,705	**1,196,008**	1,204,576
Intangible assets	19.	**8,963**	11,533	**-**	-
Deferred income tax assets	23.3	**854,607**	853,201	**854,607**	853,201
Total assets		56,832,541	56,037,169	45,274,170	44,577,015
Liabilities					
Balances due to banks	20.	**1,230,384**	966,759	**1,177,080**	924,912
Commercial notes	21.	**16,919,254**	15,449,175	**16,919,254**	15,438,232
Trade and other payables	22.	**4,827,677**	4,702,770	**3,511,831**	3,489,194
Current income tax liability	23.2	**233,315**	93,276	**262,229**	169,112
Borrowings	24.	**18,261,679**	19,379,465	**14,951,128**	15,761,935
Retirement benefit obligations	26.	**88,008**	43,401	**88,008**	43,401
Deposit for shares	28.	**1,975,000**	1,975,000	**1,975,000**	1,975,000
Deferred income tax liability		**13,361**	87,578	**-**	-
Total liabilities		**43,548,678**	42,697,424	**38,884,531**	37,801,786
Equity					
Share capital	27.	**390,823**	390,823	**390,823**	390,823
Share premium		**3,361,609**	3,361,609	**3,361,609**	3,361,609
Statutory reserve	29.	**1,282,082**	1,342,874	**873,770**	867,817
Statutory credit reserve	30.	**625,728**	258,643	**638,779**	258,643
Retained earnings	31.	**3,130,508**	3,320,154	**401,461**	1,175,350
Foreign currency translation reserve	32.	**3,133,578**	3,692,655	**-**	-
AFS fair value reserve	33.	**6,706**	4,497	**6,706**	4,497
Revaluation reserve	34.	**716,490**	716,490	**716,490**	716,490
		12,647,525	13,087,746	**6,389,639**	6,775,229
Non-controlling interest	35.	**636,337**	251,999	**-**	-
Total equity		**13,283,863**	13,339,745	**6,389,639**	6,775,229
Total liabilities and equity		**56,832,541**	56,037,169	**45,274,170**	44,577,015

These consolidated financial statements were approved by the Board of Directors on 27 April 2021 and signed on its behalf by :

Emeka Ndu
Group Vice Chairman
FRC/2013/ICAN/00000003955

Andrew Otike-Odibi
Managing Director
FRC/2013/ICAN/00000003945

Alexander Mbakogu
Chief Financial Officer
FRC/2015/ICAN/00000011740

The accompanying notes are an integral part of these consolidated financial statements.

C & I LEASING PLC

UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

		Group		Company	
	Notes	3 Months to Mar 2021 N'000	3 Months to Mar 2020 N'000	3 Months to Mar 2021 N'000	3 Months to Mar 2020 N'000
Gross earnings		**4,545,680**	**6,327,221**	**3,274,746**	**4,177,086**
Lease rental income	38.	**3,691,974**	**5,351,830**	**2,448,242**	**3,332,368**
Lease expenses	44.	**(1,733,520)**	**(2,522,651)**	**(1,484,972)**	**(1,898,583)**
Net lease rental income		**1,958,453**	2,829,179	**963,270**	**1,433,785**
Net outsourcing income	40.	**306,624**	308,715	**306,624**	**308,715**
Tracking income	41.	**35,753**	**58,518**	**35,753**	**58,518**
Tracking expenses	41.	**(18,445)**	**(18,414)**	**(18,445)**	**(18,414)**
Net tracking income		**17,308**	40,104	**17,308**	**40,104**
Interest income	42.	**7,493**	**36,523**	**170**	**5,599**
Other operating income	43.	**351,773**	**473,082**	**331,893**	**373,333**
Income from Joint Venture		**152,065**	**98,553**	**152,065**	**98,553**
Finance cost	39.	**(1,081,818)**	**(1,730,993)**	**(850,445)**	**(1,322,367)**
		1,711,898	**2,055,164**	**920,884**	**937,722**
Impairment charge	37.	**(7,124)**	**(858)**	**642**	**(858)**
Depreciation expense	45.	**(1,048,647)**	**(1,124,503)**	**(512,058)**	**(386,198)**
Personnel expenses	46.	**(286,317)**	**(353,494)**	**(255,312)**	**(316,767)**
Other operating expenses	48.	**(255,465)**	**(354,884)**	**(205,180)**	**(287,753)**
Profit on continuing operations before taxation		114,345	221,424	(51,024)	(53,854)
Income tax	23.1	**(36,659)**	**(48,490)**	**(36,659)**	**(48,490)**
Profit after tax		**77,686**	172,934	**(87,683)**	(102,344)
Profit attributable to:					
Owners of the parent		**66,815**	**179,184**	**(87,683)**	(102,344)
Non-controlling interests		**10,871**	**(6,250)**		
		77,686	172,934	**(87,683)**	(102,344)
Appropriation of profit attributable to owners of the parent:					
Transfer to statutory reserve		**20,044**	**53,755**	**-**	-
Transfer to statutory credit reserve					
Transfer to retained earnings		**46,770**	**125,429**	**(87,683)**	(102,344)
		66,815	179,184	**(87,683)**	(102,344)
Basic earnings per share [kobo]	49.	**9**	**23**	**(11)**	**(13)**

The accompanying notes are an integral part of these consolidated financial statements.

C & I LEASING PLC

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

Group

	Share capital N'000	Share premium N'000	Statutory Reserve N'000	Statutory credit reserve N'000	Retained earnings N'000	Foreign currency translation reserve N'000	AFS fair value reserve N'000	Revaluation reserve N'000	Non-controlling interest N'000	Total equity N'000
At 1 January 2021	390,823	3,361,609	1,342,874	258,643	3,320,154	3,692,655	4,497	716,490	251,999	13,339,745
Changes in equity for the period ended March 2021										
Profit for the period	-	-	-	-	66,815	-	-	-	10,871	77,686
Right issue	-	-								
Other comprehensive income										
Fair value changes on available for sale financial assets	-	-	-	-	-	-	2,210	-	-	2,210
Audit Adjustment	-	-	(80,836)		-	-	-	-	-	(80,836)
Arising on consolidation/Audit adjustments	-	-	-	367,085	263,583	(832,054)		-	373,467	172,081
Gain on foreign operations translation	-	-	-	-	-	272,977	-	-	-	272,977
Total comprehensive income for the period ended 31 March 2021	-	-	(80,836)	367,085	330,398	(559,078)	2,210	-	384,338	444,117
Transactions with owners										
Transfer between reserves	-	-	20,044	-	(20,044)	-	-	-	-	-
Dividend paid					(500,000)				-	(500,000)
Repayment of Loan stock	-	-	-	-	-	-	-	-	-	-
	-	-	20,044	-	(520,044)	-	-	-	-	(500,000)
At 31 March 2021	**390,823**	**3,361,609**	**1,282,083**	**625,728**	**3,130,508**	**3,133,578**	**6,707**	**716,490**	**636,337**	**13,283,862**
At 31 December 2020	**390,823**	**3,361,609**	**1,342,874**	**258,643**	**3,320,154**	**3,692,655**	**4,497**	**716,490**	**251,999**	**13,339,745**

C & I LEASING PLC

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

Company

	Share Capital N'000	Share Premium N'000	Statutory Reserve N'000	Statutory credit reserve N'000	Retained earnings N'000	Foreign currency translation reserve N'000	AFS fair value reserve N'000	Revaluation reserve N'000	Total equity N'000
At 1 January 2021	390,823	3,361,609	867,817	258,643	1,175,350	-	4,497	716,490	6,775,229
Changes in equity for the period ended 31 March 2021									
Profit for the period		-	-	-	(87,683)	-	-	-	(87,683)
Right issue	-	-							-
Other comprehensive income									
Fair value changes on available for sale		-	-	-	-	-	2,210	-	2,210
Audit adjustments	-	-	5,953	380,136	(186,205)			-	199,884
Surplus on revaluation of property, plant and equipment		-	-	-	-	-	-	-	-
Total comprehensive income for the period ended 31 March 2021	-	-	5,953	380,136	(273,889)	-	2,210	-	114,411
Transactions with owners									
Transfer between reserves		-	-	-	-	-	-	-	-
Retained arising on merger					-				-
Dividends paid during the period		-	-	-	(500,000)	-	-	-	(500,000.00)
Repayment of Loan stock									
		-	-	-	-		-	-	-
			-		(500,000)				(500,000.00)
At 31 March 2021	390,823	3,361,609	873,770	638,779	401,461	-	6,707	716,490	6,389,639
At 31 December 2020	**390,823**	**3,361,609**	**867,817**	**258,643**	**1,175,350**	-	**4,497**	**716,490**	**6,775,229**

C & I LEASING PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

		Group		Company	
		31 Mar 2021	**31 Dec 2020**	**31 Mar 2021**	**31 Dec 2020**
	Notes	**N'000**	N'000	**N'000**	N'000
Cash flows from operating activities					
Profit after tax		**77,686**	355,990	**(87,683)**	70,177
Adjustment for:					
Depreciation of property, plant and equipment	18.	**46,376**	98,686	**11,626**	42,899
Depreciation of operating lease assets	17.	**1,002,271**	3,831,395	**500,432**	1,665,445
Amortisation of intangible assets	19.	**2,570**	11,497	**-**	3,758
Profit on disposal of operating lease assets		**(71,198)**	(384,323)	**(60,089)**	(206,206)
Foreign currency translation difference	32.	**67,187**	(1,248,460)	**-**	-
Loss on sale of investment securities		**-**	14,020	**-**	14,020
Effect of audit adjustments		**(91,921)**	-	**275,591**	-
Exchange loss/Gain adjustment		**(156,617)**	(889,018)	**(156,617)**	190,961
Deferred tax income		**(1,407)**	-	**(1,407)**	-
Gain on revaluation of AFS assts		**(642)**	(665)	**(642)**	(665)
Tax expense	23.2	**36,659**	119,071	**36,659**	77,176
		910,965	1,908,193	**517,870**	1,857,564
Changes in operating assets and liabilities					
Increase/(Decrease) in loans and receivables		**(164,918)**	31,419	**(165,918)**	35,454
Increase/(decrease) in trade and other receivables		**(632,585)**	2,494,124	**(491,028)**	9,724,897
Increase/(decrease) in related parties transactions		**-**	-	**341,440**	-
Increase in finance lease receivables		**(65,574)**	751,660	**(13,171)**	772,346
Increase in other assets		**(147,009)**	538,347	**(120,274)**	539,129
Increase/(decrease) in trade and other payables		**124,907**	(2,385,877)	**22,637**	(2,013,478)
Increase/(decrease) in commercial papers		**1,470,079**	1,753,644	**1,481,022**	1,772,096
Increase/(decrease) in Pension contribution		**44,607**	32,628	**44,607**	32,628
Deferred tax paid		**(74,217)**	(21,551)	**-**	-
Tax paid	23.2	**(17,042)**	(63,020)	**(17,042)**	(3,500)
Net cash from operating activities		**1,449,213**	5,039,567	**1,600,142**	12,717,137
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**-**	158,045	**-**	158,045
Purchase of property, plant and equipment	18.	**(3,415)**	(19,510)	**(3,058)**	(18,395)
Proceeds from sale of operating lease assets		**93,760**	45,761	**82,652**	45,761
Purchase of operating lease assets	17.	**(127,100)**	(4,460,538)	**(156,665)**	(13,735,993)
Acquisition of intangible assets	19.	**-**	(9,950)	**-**	-
Additional investment in subsidiaries		**-**	-	**-**	(500)
Additional investment in joint ventures		**(184,909)**	(1,050,648)	**(184,909)**	(1,050,648)
Proceeds from sale of investment securities		**-**	4,698	**-**	4,698
Net cash used in investing activities		**(221,664)**	(5,332,141)	**(261,981)**	(14,597,031)
Cash flows from financing activities					
Increase/(decrease) in borrowings		**(1,117,786)**	(2,004,377)	**(810,806)**	817,764
Share of (profit)/loss to non-controlling interest	35.	**384,339**	(4,295)	**-**	-
Proceed from right issue		**-**	2,264,401	**-**	2,264,401
Dividend paid	31.	**(500,000)**	(156,329)	**(500,000)**	(156,329)
Net cash from financing activities		**(1,233,447)**	99,400	**(1,310,806)**	2,925,836
Increase/(decrease) in cash and cash equivalents		**(5,898)**	(193,175)	**27,355**	1,045,941
Cash and cash equivalents at 1 January		**487,151**	680,325	**236,108**	(809,833)
Cash and cash equivalents at 31 March	36.	**481,253**	487,151	**263,463**	236,108

The accompanying notes are an integral part of these consolidated financial statements.

C & I LEASING PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

1. The reporting entity

These financial statements comprise the consolidated financial statements of C & I Leasing Plc (referred to as "the company" and its subsidiaries (referred to as "the group"). The Company was incorporated on 28 December 1990 and commenced business in June 1991. The Company was licensed by the Central Bank of Nigeria (CBN) as a finance company and is owned by a number of institutional and individuals investors. The company's shares were listed on the Nigerian Stock Exchange (NSE) in December 1997. The Company is regulated by the Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC), the NIgerian Stock Exchange (NSE) in addition, the Company renders annual returns to the Corporate Affairs Commission (CAC). As at period end, the Company has two subsidiary companies namely:

Leasafric Ghana Limited
EPIC International FZE, United Arab Emirates
C & I Leasing FZE

The Registered office address of the company is at C & I Leasing Drive, Off Bisola Durosinmi Etti Drive, Lekki Phase 1, Lagos, Nigeria.

The principal activities of the Group are provision of equipment leasing, logistics solution in the form of car and marine vessel rentals, fleet management and automobile distribution through its main operating entity and its subsidiaries.

These consolidated financial statements cover the financial period from 1 January 2021 to 31 March 2021 with comparative for the period ended 31 December 2020.

The consolidated financial statements for the unaudited period ended 31 March 2021 were approved for issue by the Board of Directors on 15 April 2021.

2. Basis of preparation

2.1 Statement of compliance with IFRSs

The Group's consolidated financial statements for the first quarter ended 31 March 2021 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The financial statements comprise of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes to the consolidated financial statements.

2.2 Basis of measurement

The consolidated financial statements have been prepared in accordance with the going concern principle under the historical cost convention, except for financial instruments and land and buildings measured at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates, it also requires management to exercise its judgment in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and therefore the Group's financial statements present the financial position and results fairly.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Naira, which is the Group's presentational currency. The consolidated financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the consolidated financial statements, the consolidated results and financial position are expressed in Naira, which is the functional currency of the Company, and the presentational currency for the financial statements.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 December, 2020.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using the same accounting policies.

All inter-group balances, transactions, dividends, unrealised gains on tranasctions within the Group are eliminated on consolidation. Unrealised losses resulting from inter-group transactions are eliminated, but only to the extent that there is no evidence of impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.5 Changes on accounting policies and disclosures

2.5.1 New and amended standards and interpretations

In these consolidated financial statements, the Company has applied IFRS 9, IFRS 7R (Revised) and IFRS 15, effective for annual periods beginning on or after 1 January 2018, for the first time. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact

2.5.1.1 IFRS 9 Financial instruments

The Company has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Company did not early adopt any earlier versions of IFRS 9 in previous periods. IFRS 9 replaces IAS 39 for annual periods on or after 1 January 2018.

2.5.1.2 Amendment to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets

The amendment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendment is applicable to annual periods beginning on or after 1 January 2014.

2.5.1.3 Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting

Amends IAS 39 Financial Instruments: Recognition and Measurement make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. The amendment is applicable to annual periods beginning on or after 1 January 2014.

2.5.1.4 Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities

The amendment clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off', the application of simultaneous realisation and settlement, the offsetting of collateral amounts and the unit of account for applying the offsetting requirements. The amendment is applicable to annual periods beginning on or after 1 January 2014.

2.5.1.5 Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities

The amendment provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement. Require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries. Require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated). The amendment is applicable to annual periods beginning on or after 1 January 2014.

2.5.1.6 IFRIC 21 Levies

Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The liability is recognised progressively if the obligating event occurs over a period of time. If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. The amendment is applicable to annual periods beginning on or after 1 January 2014.

2.5.2 Accounting standards and interpretations issued and effective

2.5.2.1 IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. The application of this new standard had no material impact on the group.

2.5.2.2 Amendment to IAS 1, 'Financial statement presentation'

The main change resulting from these amendments is a requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).The amendment affected presentation only and had no impact on the Group's financial position or performance. The group has reclassified comprehensive income items of the comparative period. These changes did not result in any adjustments to other comprehensive income or comprehensive income.

3. Summary of significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated.

3.1 Investments in subsidiaries

The consolidated financial statements incorporates the financial statements of the Company and all its subsidiaries where it is determined that there is a capacity to control.

Control means the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. All the facts of a particular situation are considered when determining whether control exists.

Control is usally present when an entity has:

- Power over more than one-half of the voting rights of the other entity;
- Power to govern the financial and operating policies of the other entity;
- Power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or
- Power to cast the majority of votes at meetings of the board of directors or equivalent governing body of the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceased. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

In its separate financial statements, the Company accounts for its investment in subsidiaries at cost.

3.2 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The investment in an associate is initially recognized at cost in the separate financial statements, however in its consolidated financial statements; it is recognized at cost and adjusted for in the Group’s share of changes in the net assets of the investee after the date of acquisition, and for any impairment in value. If the Group’s share of losses of an associate exceeds its interest in the associate, the group discontinues recognizing its share of further losses.

3.3 Investments in joint ventures

A joint venture is an entity over which the Group has joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The investment in a joint venture is initially recognized at cost and adjusted for in the Group’s share of the changes in the net assets of the joint venture after the date of acquisition, and for any impairment in value. If the Group’s share of losses of a joint venture exceeds its interest in the joint venture, the company discontinues recognizing its share of further losses.

3.4 Investments in special purpose entities (SPEs)

SPEs are entities that are created to accomplish a narrow and well-defined objective. The financial statements of the SPE is included in the consolidated financial statements where on the substance of the relationship with the Group and the SPE's risk and reward, the Group concludes that it controls the SPE.

3.5 Intangible assets

3.5.1 Intangible assets acquired separately

Intangible assets acquired separately are shown at historical cost less accumulated amortization and impairment losses.

Amortization is charged to income statement on a straight-line basis over the estimated useful lives of the intangible asset unless such lives are indefinite. These charges are included in other expenses in income statement. Intangible assets with an indefinite useful life are tested for impairment annually.

Amortization periods and methods are reviewed annually and adjusted if appropriate.

3.5.2 Intangible assets generated internally

Expenditures on research or on the research phase of an internal project are recognized as an expense when incurred. The intangible assets arising from the development phase of an internal project are recognized if, and only if, the following conditions apply:

- It is technically feasible to complete the asset for use by the group
- The group has the intention of completing the asset for either use or resale
- The group has the ability to either use or sell the asset
- It is possible to estimate how the asset will generate income
- The group has adequate financial, technical and other resources to develop and use the asset
- The expenditure incurred to develop the asset is measurable.

If no intangible asset can be recognised based on the above, then development costs are recognised in profit or loss in the period in which they are incurred.

3.6 Property, plant and equipment

3.6.1 Initial recognition
All items of property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any, except for land and buildings to be reported at their revalued amount net of accummulated depreciation and/or accummulated impairment losses. Acquisition costs includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its costs is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria is satisfied.

3.6.2 Subsequent costs
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

3.6.3 Depreciation
Depreciation starts when an asset is ready for use and ends when derecognised or classified as held for sale. Depreciation does not cease when the asset becomes idle or retired from use unless the asset is fully depreciated. Depreciation is calculated on a straight-line basis to write-off assets over their estimated useful lives. Land and assets under construction (work in progress) are not depreciated.

Depreciation on property, plant and equipment and operating lease assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	2%
Furniture and fittings	20%
Plant and machinery	20%
Motor vehicles/Autos and trucks	25%
Office equipment	20%
Marine equipment	5%
Leased assets	20%
Cranes	10%

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.

3.6.4 Derecognition
An item of property,plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are included in the income statement as operating income.

When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

3.6.5 Reclassifications
When the use of a property changes from owner-occupier to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in income statement to the extent that it reverses a previous impairment loss on the specific property, with any remaining recognized in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognized immediately in income statement.

3.7 Investment properties

Property held for long-term rental yields that is not occupied by the companies in the Group is classified as investment property. Investment property comprises freehold land and building and is recognised at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as discounted cash flow projections or recent prices in less active markets. These valuations are reviewed annually by an independent valuation expert. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Changes in fair values are recorded in the income statement.

Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the companies in the Group. The initial cost of the property is the lower of the fair value of the property and the present value of the minimum lease payments. The property is carried at fair value after initial recognition. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognized in other comprehensive income as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognized in the income statement. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the income statement.

3.8 Discontinued operations and non-current assets held for sale

Discontinued operations and non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Discontinued operations and non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This is the case, when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and the sale is considered to be highly probable.

A sale is considered to be highly probable if the appropriate level of management is committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan has been initiated. Furthermore, the asset (or disposal group) has been actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one-year from the date that it is classified as held for sale.

3.9 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where appropriate, labour and production overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the weighted average cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3.10 Impairment of non-financial assets

The Group assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss is recognized immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the impairment loss is recognized as revaluation decrease.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed. An impairment loss in respect of goodwill is not reversed.

3.11. Financial instruments

3.11.1 Financial assets

i. Classification

The Group classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

3.11.1.1 Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

A financial asset is classified into the 'financial assets at fair value through profit or loss' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets designated as at fair value through profit or loss at inception are those that are:
Held in internal funds to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. Information about these financial assets is provided internally on a fair value basis to the Group's key management personnel. The Group's investment strategy is to invest in equity and debt securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

3.11.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale.

3.11.1.3 Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than:

• those that the Group upon initial recognition designates as at fair value through profit or loss;
• those that the Group designates as available for sale; and
• Those that meet the definition of loans and receivables.

Interests on held-to-maturity investments are included in the income statement and are reported as 'Interest income'. In the case of an impairment, it is being reported as a deduction from the carrying value of the investment and recognised in the income statement as 'Net gains/(losses) on investment securities'.

3.11.1.4 Available-for-sale financial assets

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

ii. Recognition and measurement

Regular-way purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset.
Financial assets are initially recognized at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognized when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables and held-to- maturity financial assets are carried at amortised cost using the effective interest method, except when there is insufficient information at transition date, when it is carried at book values.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income are included in the income statement as net realised gains on financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established; both are included in the investment income line.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges.

The quoted market price used for financial assets held by the Group is the current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. For example, a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the date of the statement of financial position.

The Group uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity like options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market observable.
For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry.

iii. Reclassifications

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories, if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

iv. Derecognition

The Group derecognises a financial asset only when the conctractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial financial asset, the Group continues to recognise the financail asset and also recognises a collateralised borrowing for the proceeds received.

3.11.2 Financial liabilities

The Group's financial liabilities as at statement of financial position date include 'Borrowings' (excluding VAT and employee related payables). These financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities are included in current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

3.11.2.1 Interest bearing borrowings

Borrowings, inclusive of transaction costs, are recognised initially at fair value. Borrowings are subsequently stated at amortised costs using the effective interest method; any difference between proceeds and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

3.11.3 Impairment of financial assets

3.11.3.1 Financial assets carried at amortised cost

The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or 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 have occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

• Significant financial difficulty of the issuer or debtor;
• A breach of contract, such as a default or delinquency in payments;
• It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
• The disappearance of an active market for that financial asset because of financial difficulties; or
observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
• adverse changes in the payment status of issuers or debtors in the Group; or
• national or local economic conditions that correlate with defaults on the assets in the Group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, 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 been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an impairment account, and the amount of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, 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 improved credit rating), the previously recognized impairment loss is reversed by adjusting the impairment account. The amount of the reversal is recognised in the income statement.

3.11.3.2 Assets classified as available for sale

The Group assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or a Group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

The cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

3.11.4 Offsetting financial instruments

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

3.12 Trade and other receivables

Trade receivables are amount due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets, if not they are presented as non-current assets. Where the potential impact of discounting future cash receipts over the short credit period is not considered to be material, trade receivables are stated at their original invoiced value. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

3.13 Cash and cash equivalents

Cash equivalents comprises of short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

For the purpose of preparing the statement of cashflows, cash and cash equivalents are reported net of balances due to banks.

3.14 Leases

Leases are divided into finance leases and operating leases.

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

3.14.1 The Group is the lessor

3.14.1.1 Operating leases

When assets are subject to an operating lease, the assets continue to be recognised as property, plant and equipment based on the nature of the asset.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Any balloon payments and rent free periods are taken into account when determining the straight-line charge.

3.14.1.2 Finance leases

When assets are held subject to a finance lease, the related asset is derecognised and the present value of the lease payments (discounted at the interest rate implicit in the lease) is recognised as a receivable. The diffrence between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recogncised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

3.14.2 The Group is the lessee

3.14.2.1 Finance leases

Assets held under finance leases are recognised as assets of the Group at the fair value at the inception of the lease or if lower, at the present value of the minimum lease payments.

The related liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between interest expenses and capital redemption of the liability, Interest is recognised immediately in profit or loss, unless attributable to qualifying assets, in which case they are capitalised to the cost of those assets.

Contingent rentals are recognised as expenses in the periods in which they are incurred.

3.14.2.2 Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except if another systematic basis is more representative of the time pattern in which economic benefits will flow to the Group.

Contingent rentals arising under operating leases are recognised in the period in which they are incurred.

3.15 Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due with one year or less. If not, they are presented as non-current liabilities.

Other payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

3.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

Interest-bearing borrowings are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

3.17 Retirement benefits

3.17.1 Defined contribution plan

The Group runs a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Under the defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employees contribution of 8% of their basic salary, housing and transport allowances to the pension scheme while the employer contributes the remainder to make a total contribution of 18% of the total emoluments as required by the Pension Reform Act 2004. The Company's contribution to the pension's scheme is charged to the profit or loss account.

3.17.2 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a define contribution plan. The Group’s net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods; that benefit is discounted to determine its present value. Any recognized past service costs and fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group’s obligation and that are denominated in the currency in which the benefit are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected credit unit method.
The Group recognizes all actuarial gains or losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on settlement or curtailment comprises any resulting change in the fair value of the plan asset, any change in the present value of defined benefit obligation, any related actuarial gains or losses and past services cost that had not previously been recognised.

3.17.3 Termination benefits

Termination benefits are recognized as an expense when the group is demonstrably committed without realistic possible withdrawal, to a formal detail plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefit for voluntary redundancies is recognized as expenses if the group has made an offer of voluntary redundancy and it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If the benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3.17.4 Short term employee benefits

These are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.18 Taxation

3.18.1 Current income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

3.18.2 Deferred income tax

Deferred income tax is recognised in full using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (loss), it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognised in the income statement together with the deferred gain or loss on disposal.

3.19 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3.19.1 Warranty

A provision for warranty is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated possibilities.

3.19.2 Restructuring

A provision for restructuring is recognized when the Group has approved a formal detail restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

3.19.3 Onerous contract

Provision for onerous contracts is recognized when the expected benefit to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected costs of terminating the contract and the expected net cost of continuing with the contract.

3.20 Equity instruments

Equity instruments issued by the group are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments. Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Where any group purchases the group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Group's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Group's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

3.21 Compound instruments

At the issue date, the fair value of the liability component of a compound instrument is estimated using the market interest rate for a similar non-convertible instrument. This amount is recorded as a liability at amortised cost using the effective interest method until extinguished upon conversion or at the instrument's redemption date. The equity component is determined as the difference of the amount of the liability component from the fair value of the instrument. This is recognised in equity, net of income tax effects, and is not subsequently remeasured.

3.22 Share based payments

Employee share options are measured at fair value at grant date. The fair value is expensed on a straight line basis over the vesting period, based on an estimate of the number of options that will eventually vest.

At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

3.23 Revenue recognition

This relates to the provision of service or sale of goods to customers, exclusive of value added tax and less any discounts. Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, recovery of the consideration is possible, the associated costs and possible return of goods can be estimated reliably , there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

3.23.1 Income from operating leases

Lease income from operating leases is recognised in income statement on a straight-line basis over the lease term on a systematic basis which is representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred by the company in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. When an operating lease is terminated before the lease period has expired, any payment required by the lessee by way of penalty is recognised in income statement in the period in which termination takes place.

3.23.2 Income from finance leases

The recognition of income from finance lease is based on a pattern reflecting a constant periodic rate of return on C & I Leasing's net investment in the finance lease. C & I Leasing Plc therefore allocates finance income over the lease term on a systematic and rational basis reflecting this pattern. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

3.23.3 Personnel outsourcing income

The group is involved with outsourcing contracts in which human capital of varying skills are outsourced to various organisations. The group pays the remuneration of such personnel on a monthly basis and invoice the clients costs incurred plus a margin. As costs and income associated with this service can be estimated reliably and service completed.

3.23.4 Service charge income

This represents charges for other services rendered to finance lease customers. The services are rendered periodically on a monthly basis and income is recognised when all the followings are satisfied:

i. The amount of revenue can be measured reliably
ii. It is probable that the economic benefits associated with the transaction will flow to the group
iii. The stage of completion of the transaction at the end of the reporting period can be measured reliably and
iv. The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

3.23.5 Interest income

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

3.23.6 Rental income

Rental income is recognized on an accrued basis.

3.23.7 Realised gains and losses

The realised gains or losses on the disposal of an investment is the difference between proceeds received, net of transaction costs and it original or amortised costs as appropriate.

3.24 Foreign currency translation

3.24.1 Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the entities within the Group. Monetary items denominated in foreign currencies are retranslated at the exchange rates applying at the reporting 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. Exchange differences are recognized in profit or loss in the period in which they arise except for:

• Exchange differences on foreign currency borrowings which are regarded as adjustments to interest costs; where those interest costs qualify for capitalization to assets under construction;
• Exchange differences on transactions entered into to hedge foreign currency risks;
• Exchange differences on loans to or from a foreign operation for which settlement is neither planned nor likely to occur and therefore forms part of the net investment in the foreign operation, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

3.24.2 Foreign operations

The functional currency of the parent Company and the presentation currency of the financial statements is Nigerian Naira. The assets and liabilities of the Group's foreign operations are translated to Naira using exchange rates at the period end. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rate on transaction date is used. Goodwill acquired in business combinations of foreign operations are treated as assets and liabilities of that operation and translated at the closing rate.

Exchange differences are recognised in other comprehensive income and accumulated in a separate category of equity.

4. Segment reporting

The Group's operating segments are organized by the nature of the operations and further by geographic location into geographical regions; local and foreign to highlight the contributions of foreign operations to the Group. Due to the nature of the Group, C&I Leasing's Executive Committee regularly reviews operating activity on a number of bases, including by geographical region, customer Group and business activity by geographical region.

A segment is a distinguishable component of the Group that is engaged in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's operating segments were determined in a manner consistent with the internal reporting provided to the Executive Committee, which represents the chief operating decision-maker, as this is the information CODM uses in order to make decisions about allocating resources and
assessing performance.

All transactions between business segments are conducted on an arm's length basis, with intrasegment revenue and costs being eliminated in Head office. Income and expenses directly associated with each segment are included in determining business segment performance.

5. Critical accounting estimates and judgment

The Group makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgment are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption.

The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change, if the change affects that period only, or in the period of change and future period, if the change affects both.

The estimates and assumptions that have a significant risks of causing material adjustment to the carrying amount of asset and liabilities within the next financial statements are discussed below:

5.1 Impairment of available-for-sale equity financial assets

The Group determines that available-for-sale equity financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

5.2 Determination of impairment of non-financial assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment

5.3 Depreciable life of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property, plant and equipment and will have an impact on the carrying value of these items.

6. Financial instruments and fair values

As explained in Note 3.11, financial instruments have been classified into categories that determine their basis of measurement and, for items measured at fair value, such changes in fair value are recognised in the statement of comprehensive income either through the income statement or other comprehensive income. For items measured at amortised cost, changes in value are recognised in the income statement of the statement of comprehensive income. Therefore the financial instruments carried in the statement of financial position are shown based on their classifications in the table below:

6.1 Classes of financial instrument

Group	Financial assets				Financial liabilities		
	Fair value through profit or loss N'000	Loans and receivables N'000	Available for sale N'000	Held to maturity N'000	Fair value through profit or loss N'000	Amortised cost N'000	Total carrying amount N'000
At 31 March 2021							
Assets							
Cash and balances with banks	1,711,637	-	-	-	-	-	1,711,637
Loans and receivables	-	708,792			-	-	708,792
Finance lease receivables	-	2,378,747	-	-	-	-	2,378,747
Available for sale assets	-	-	7,977	-	-	-	7,977
Trade receivables	-	13,941,511	-	-	-	-	13,941,511
Other assets	-	794,729	-	-	-	-	794,729
	1,711,637	**17,823,779**	**7,977**	**-**	**-**	**-**	**19,543,392**
Liabilities							
Balances due to banks	-	-	-	-	1,230,384	-	1,230,384
Borrowings	-	-	-	-	-	18,261,679	18,261,679
Trade payables	-	-	-	-	-	4,827,677	4,827,677
Other liabilities	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**1,230,384**	**23,089,356**	**24,319,740**
At 31 December 2020							
Assets							
Cash and balances with banks	1,453,910	-	-	-	-	-	1,453,910
Loans and receivables	-	543,874					543,874
Finance lease receivables	-	2,313,173	-	-	-	-	2,313,173
Available for sale assets	-	-	7,335	-	-	-	7,335
Trade and other receivables	-	13,308,926	-	-	-	-	13,308,926
Other assets	-	647,720	-	-	-	-	647,720
	1,453,910	**16,813,693**	**7,335**	**-**	**-**	**-**	**18,274,937**
Liabilities							
Balances due to banks	-	-	-	-	966,759	-	966,759
Borrowings	-	-	-	-	-	19,379,465	19,379,465
Trade and other payables	-	-	-	-	-	4,702,770	4,702,770
Other liabilities	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**966,759**	**24,082,235**	**25,048,994**

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

Company	Financial assets				Financial liabilities		
	Fair value through profit or loss N'000	Loans and receivables N'000	Available for sale N'000	Held to maturity N'000	Fair value through profit or loss N'000	Amortised cost N'000	Total carrying amount N'000
At 31 March 2021							
Assets							
Cash and balances with banks	1,440,543	-	-	-	-	-	1,440,543
Loans and receivables	-	692,817	-	-	-	-	692,817
Finance lease receivables	-	2,234,460	-	-	-	-	2,234,460
Available for sale assets	-	-	7,977	-	-	-	7,977
Other assets	-	681,811	-	-	-	-	681,811
Trade and 0ther receivables	-	17,196,469	-	-	-	-	17,196,469
	1,440,543	**20,805,557**	**7,977**	**-**	**-**	**-**	**22,254,077**
Liabilities							
Balances due to banks	-	-	-	-	1,177,080	-	1,177,080
Borrowings	-	-	-	-	-	14,951,128	14,951,128
Trade and other payables	-	-	-	-	-	-	3,511,831
Other liabilities	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**1,177,080**	**14,951,128**	**19,640,039**
At 31 December 2020							
Assets							
Cash and balances with banks	1,161,021	-	-	-	-	-	1,161,021
Loans and receivables	-	526,898	-	-	-	-	526,898
Finance lease receivables	-	2,221,289	-	-	-	-	2,221,289
Available for sale assets	-	-	7,335	-	-	-	7,335
Trade and 0ther receivables	-	16,890,264	-	-	-	-	16,890,264
Other assets	-	561,537					561,537
	1,161,021	**20,199,988**	**7,335**	**-**	**-**	**-**	**21,368,344**
Liabilities							
Balances due to banks	-	-	-	-	924,912	-	924,912
Borrowings	-	-	-	-	-	15,761,935	15,761,935
Trade and other payables	-	-	-	-	-	3,489,194	3,489,194
Other liabilities	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**924,912**	**19,251,129**	**20,176,041**

6.2 Fair valuation methods and assumptions

Cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings are assumed to approximate their carrying amounts due to the short-term nature of these financial instruments

The fair value of publicly traded financial instruments is generally based on quoted market prices, with unrealised gains recognised in a separate component of equity at the end of the reporting quarter.

The fair value of financial assets and liabilities at amortized cost.

6.3 Fair value measurements recognised in the statement of financial position

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: for equity securities not listed on an active market and for which observable market data exist that the Group can use in order to estimate the fair value.

6.3 Fair value measurements recognised in the statement of financial position (cont'd.)

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

C & I LEASING PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

The Group maintains quoted investments in the companies listed in Note 14 and were valued at N7,976,823.75 (December 2020: N7,976,823.75) which are categorised as **level 1,** because the securities are listed, however, there are no financial instruments in the level 2 and 3 categories for the year.

7. Capital management

In management of the Group capital, the Group's approach is driven by its strategy and organizational requirements, taking into account the regulatory and commercial environment in which it operates. It is the Group's policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

Through its corporate governance processes, the Group maintains discipline over its investment decisions and where it allocates its capital, seeking to ensure that returns on investment are appropriate after taking account of capital costs.

The Group's strategy is to allocate capital to businesses based on their economic profit generation and, within this process, regulatory and economic capital requirements and the cost of capital are key factors.

The Group's capital is divided into two tiers:

- Tier 1 capital: core equity tier 1 capital including ordinary shares, statutory reserve, share premium and retained earnings, intangible assets, and
- Tier 2 capital: qualifying convertible loan capital, preference shares, collective impairment allowances, non-controlling interest and unrealised gains arising on the fair valuation of equity instruments held as available for sale.

The Central Bank of Nigeria prescribed a minimum limit of 12.5% of total qualifying capital/total risk-weighted assets as a measure of capital adequacy of finance companies in Nigeria. Furthermore, a finance company is expected to maintain a ratio of not less than 1:10 between its capital funds and net credits.Total qualifying capital consists of tier 1 and 2 capital less investments in unconsolidated subsidiaries and associates. The total risk-weighted assets reflects only credit and counterparty risk.

The Group achieved capital adequacy ratio 19% at the end of the period, compared to 19% recorded for the year ended 31 December, 2020 respectively.

The table below summarises the composition of regulatory capital and the ratios of the Group for the years presented below. During those two years, the individual entities with the Group and the Group complied with all the externally imposed capital requirements to which they are subject.

	Group		Company	
	31 March 2021	31 December 2019	31 March 2021	31 December 2019
	N'000	N'000	N'000	N'000
Tier 1 capital				
Share capital	390,823	390,823	390,823	390,823
Share premium	3,361,609	3,361,609	3,361,609	3,361,609
Statutory reserve	1,282,082	1,342,874	873,770	867,817
Statutory credit reserve	625,728	258,643	638,779	258,643
Retained earnings	3,130,508	3,320,154	401,461	1,175,350
Exchange translation Reserves	-	-	-	
Non-Controlling interest	636,337	251,999	-	-
Sub-Total	9,427,089	8,926,103	5,666,443	6,054,242
Less:Intangible assets	(8,963)	(11,533)	-	-
Required loan loss reserve	(625,728)	(258,643)	(638,779)	(258,643)
Deferred income tax assets	(854,607)	(853,201)	(854,607)	(853,201)
Total qualifying for tier 1 capital	7,937,791	7,802,727	4,173,057	4,942,399
Tier 2 capital				
Exchange translation reserve	3,133,578	3,692,655	-	-
Fair value reserve	6,706	4,497	6,706	4,497
Revaluation reserve	716,490	716,490	716,490	716,490
	3,856,774	4,413,642	723,196	720,987
Total qualifying for tier 2 capital (Maximum of 33.3% of tier 1 capital)	2,643,284	2,598,308	723,195	720,987
Total regulatory capital	10,581,075	10,401,035	4,896,252	5,663,386

C & I LEASING PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

		Group		Company	
		31 March 2021	31 December 2019	31 March 2021	31 December 2019
		N'000	N'000	N'000	N'000
	%				
Cash in hand	0	-	-	-	-
Cash and balances with banks	20%	329,430	283,772	275,211	225,194
Loans and receivables	100%	708,792	543,874	692,817	526,898
Trade receivables	100%	13,941,511	13,308,926	12,330,470	11,682,825
Due to related companies	100%	-	-	4,865,999	5,207,439
Finance Lease Receivables	100%	2,378,747	2,313,173	2,234,460	2,221,289
Availables for saleassets	100%	7,977	7,335	7,977	7,335
Investment in subsidiaries	100%	-	-	759,467	759,467
Investment in joint venture	100%	3,137,281	2,952,373	3,137,281	2,952,373
Other assets	100%	794,729	647,720	681,811	561,537
Operating lease assets	100%	31,904,260	32,521,421	17,072,729	17,439,055
Property, plant and equipment	100%	1,384,037	1,423,705	1,196,008	1,204,576
Total risk weighted assets		**54,586,764**	**54,002,298**	**43,254,231**	**42,787,988**
Risk-weighted Capital Adequacy Ratio (CAR)		**19%**	**19%**	**11%**	**13%**

8. Risk management framework

The primary objective of C & I Leasing group's risk management framework is to protect the group's stakeholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Management recognises the critical importance of having efficient and effective risk management systems in place.

The Group has established a risk management function with clear terms of reference from the board of directors, its committees and the executive management committees.

This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, the Internal Audit unit provides independent and objective assurance on the robustness of the risk management framework, and the appropriateness and effectiveness.

C & I Leasing Plc's principal significant risks are assessed and mitigated under three broad headings:

Strategic risks – This specifically focused on the economic environment, the products offered and market. The strategic risks arised from a group's ability to make appropriate decisions or implement appropriate business plans, strategies, decision making , resource allocation and its inablity to adapt to changes in its business environment.

Operational risks – These are risks associated with inadequate or failed internal processes, people and systems, or from external events.

Financial risks – Risk associated with the financial operation of the group, including underwriting for appropriate pricing of plans, provider payments, operational expenses, capital management, investments, liquidity and credit.

The board of directors approves the group’s risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the group’s identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting to the corporate goals, and specify reporting requirements to meet.

8.1 Strategic risks

Capital management policies, objectives and approach.

The following capital management objectives, policies and approach to managing the risks which affect the capital position are adopted by C&I Leasing Plc.

To maintain the required level of financial stability thereby providing a degree of security to clients and plan members.

To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.

To retain financial flexibility by maintaining strong liquidity.

To align the profile of assets and liabilities taking account of risks inherent in the business and regulatory requirements.

To maintain financial strength to support new business growth and to satisfy the requirements of the regulators and stakeholders.

C&I Leasing's operations are subject to regulatory requirements of Central Bank Nigeria (CBN) and Securities Exchange Commission (SEC), Nigerian Stock Exchange (NSE) in addition, annual returns must be submitted to Corporate Affairs Commission (CAC) on a regular basis.

8.2 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group’s processes, personnel, technology and infrastructure, and from external factors. Others are legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the group’s operations.

The group’s objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the group’s reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- documentataion of controls and procedures.
- training and professional development.
- ethical and business standards.

8.3 Financial risks

The group's operations exposes it to a number of financial risks. Adequate risk management procedures have been established to protect the group against the potential adverse effects of these financial risks. There has been no material change in these financial risks since the prior year.The following are the risks the group is exposed to due to financial instruments:

Credit risks
Liquidity risks
Market risks

8.3.1 Credit risks

Credit risks arise from a customer delays or outright default of lease rentals; inability to fully meet contractual obligations by customers. Exposure to this risk results from financial transactions with customers.

The group has policies in place to mitigate its credit risks.

The group’s risk management policy sets out the assessment and determination of what constitutes credit risk for the group. Compliance with the policy is monitored and exposures and breaches are reported to the group's management. The policy is regularly reviewed for pertinence and for changes in the risk environment.

The carrying amount of the group's financial instruments represents the maximum exposure to credit risk.

Exposure to risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	Group	
	31 March 2021	**31 December 2020**
	N'000	N'000
Financial assets		
Cash and balances with banks	**1,711,637**	1,453,910
Loans and receivables	**708,792**	543,874
Finance lease receivables	**2,378,747**	2,313,173
Available for sale assets	**7,977**	7,335
Trade receivables	**13,941,511**	13,308,926
Other assets	**794,729**	647,720
	19,543,392	**18,274,937**

C & I LEASING PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

	Company	
	31 March 2021 N'000	**31 December 2020** N'000
Financial assets		
Cash and balances with banks	**1,440,543**	1,161,021
Loans and receivables	**692,817**	526,898
Finance lease receivables	**2,234,460**	2,221,289
Available for sale assets	**7,977**	7,335
Trade and other receivables	**12,330,470**	11,682,825
Other assets	**681,811**	561,537
	17,388,078	**16,160,905**

8.3.2 Liquidity risks

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The Group maintains sufficient amount of cash for its operations. Management reviews cashflow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. Operations Committee has primary responsibility for compliance with regulations and company policy and maintaining a liquidity crisis contingency plan.

A substantial portion of the Group's assets are funded by borrowings from financial institutions, These borrowings, which are widely diversified by type and maturity, represent a stable source of funds.

8.3.2 Liquidity risks

Below is the contractual maturities of financial liabilities in Nigerian Naira presented in the consolidated financial statements.

	Group		
	Current N'000	**Non-current N'000**	**Total N'000**
31 March 2021			
Balance due to banks	1,230,384	-	1,230,384
Borrowings	4,648,416	13,613,263	18,261,679
Trade payables	4,827,677	-	4,827,677
Other liabilities	-	-	-
	10,706,477	13,613,263	24,319,740
31 December 2020			
Balance due to banks	966,759	-	966,759
Borrowings	4,909,379	14,404,589	19,313,969
Trade payables	4,702,770	-	4,702,770
Other liabilities	-	-	-
	10,578,908	14,404,589	24,983,498

	Company		
	Current N'000	**Non-current N'000**	**Total N'000**
31 March 2021			
Balance due to banks	1,177,080	-	1,177,080
Borrowings	2,966,268	11,484,861	14,451,128
Trade payables	3,511,831	-	3,511,831
	7,655,179	11,484,861	19,140,039
31 December 2020			
Balance due to banks	924,912	-	854,828
Borrowings	2,803,758	12,390,221	18,551,417
Trade and 0ther payables	3,489,194	-	7,056,712
	7,217,864	12,390,221	19,608,086

The Group's focus on the maturity analysis of its financial liabilities is as stated above, the Group classifies its financial liabilities into those due within one year (current) and those due after one year (non-current).

The contractual cashflows disclosed in the maturity analysis are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount stated in the financial statements which is based on the discounted cash flows using the effective interest rate.

The financial liabilities affected by discounting are the long term borrowings (including the current portion), all other financial liabilities stated are assumed to approximate their carrying values due to their short term nature and are therefore not discounted.

8.3.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

8.3.4 Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk as a result of its foreign subsidiary as well as foreign borrowings (usually denominated in US Dollars)

The Group’s principal transactions are carried out in Naira and its financial assets are primarily denominated in Nigerian Naira, except for its subsidiaries- Leasafric Ghana Limited and EPIC International FZE, U.A.E.; whose transactions are denominated in Ghanian Cedi and United Arab Emirates' Dirhams respectively. The exposure to foreign exchange risk as a result of these subsidiaries in this period as a result of translation has been recognised in the statement of other comprehensive income .

The Group foreign currency risk exposure arises also from long term borrowings from Aureos Africa LLC denominated in United States Dollar. The borrowings have the option of being convertible at the end of the tenor, and as such the impact of fluctuations in these commitments on the financial statements as a whole are considered minimal and reasonable as a result of the stable market.

8.3.5 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that are used by the group. Interest bearing assets comprise cash and cash equivalents and loans to subsidiaries which are considered short term liquid assets. The group's interest rate liability risk arises primarily from borrowings issued at variable interest rates which exposes the group to cash flow interest rate risk. It is the group's policy to settle trade payables within the credit limit terms allowed, thereby not incurring interest on overdue balances. Borrowings are sourced from both local and foreign financial markets, covering short and long term funding.

The Group manages interest rate risk on borrowings by ensuring access to diverse sources of funding, reducing risks of refinancing by establishing and managing in accordance with target maturity profiles.

8.3.6 Market price risk

Investments by the Group in available for sale financial assets expose the Group to market (equity) price risk. The impact of this risk on the financial statements is considered positive because of the continous increase and stability in value of equities in the past few years. Furthermore, there was a positive impact on the income statement because of the portion of investment disposed off during the period - equity shares in Guaranty Trust Bank (Gross Domestic Receipt), however all other gains due to increase in market prices were recorded in the fair value reserve through the other comprehensive income.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

9. Statement of prudential adjustment

Provisions under prudential guidelines are determined using the time based provisioning prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the incurred loss model required by IFRS under IAS 39. As a result of the differences in the methodology/provision, there will be variances in the impairments allowances required under the two methodologies.

Paragraph 12.4 of the revised Prudential Guidelines for financial institutions in Nigeria stipulates that financial institutions would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted.

However, Other Financial Institutions would be required to comply with the following:

a. Provisions for loans recognised in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:

- Prudential provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the retained earnings account to a "statutory credit reserve".
- Prudential provisions is less than IFRS provisions; IFRS determined provision is charged to the income statement. The cumulative balance in the statutory credit reserve is thereafter reversed to the retained earnings account.

b. (b) The non-distributable reserve should be classified under equity as part of the core capital.

During the period ended March 2021, the Company has transferred nil (31 December 2020: N(232,525,000)) to the statutory credit reserve. This is because the provisions for credit and other known losses as determined under the prudential guidelines issued by the Central Bank of Nigeria (CBN), is higher than the impairment allowance as determined in line with IAS 39 as at the year then ended.

		Group		Company	
		31 March 2021	31 December 2020	31 March 2021	31 December 2020
		N'000	N'000	N'000	N'000
10.	**Cash and balances with banks**				
	Cash in hand	**64,486**	35,051	**64,486**	35,051
	Current balances with banks	**1,647,150**	1,418,859	**1,376,057**	1,125,970
	Placement with bank	**-**	-	**-**	-
		1,711,637	**1,453,910**	**1,440,543**	1,161,021
11.	**Loans and receivables**				
	Lease rental due	**652,254**	480,226	**652,254**	480,226
	Loans and advances	**70,409**	75,316	**54,434**	58,341
		-	**-**	**-**	-
		722,663	555,542	**706,688**	538,567
	Impairment allowance (Note 11.4)	**(13,871)**	(11,668)	**(13,871)**	(11,668)
		708,792	543,874	**692,817**	526,898
11.1	**Analysis of loans and receivables by security**				
	Secured	**-**	-	**-**	-
	Otherwise secured	**722,663**	**555,542**	**706,688**	**538,567**
		722,663	555,542	**706,688**	538,567
11.2	**Loans and receivables are further analysed as follows:**				
	Less than one year	**421,503**	324,028	**412,185**	314,127
	More than one year and less than five years	**301,160**	231,514	**294,502**	224,440
	More than five years	**-**	-	**-**	-
		722,663	555,542	**706,688**	538,567

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

		Group		Company	
		31 March 2021 N'000	31 December 2020 N'000	31 March 2021 N'000	31 December 2020 N'000
11.3	**Impairment allowance on loans and receivables**				
	Lease rental due	**12,107**	**9,904**	**12,107**	**9,904**
	Loans and advances	**1,764**	**1,764**	**1,764**	**1,764**
		13,871	11,668	**13,871**	11,668
11.4	**Analysis of impairment allowance - Lease rental due**				
	Specific impairment	**1,764**	8,308	**1,764**	8,308
	Collective impairment	**12,107**	3,375	**12,107**	3,375
		13,871	11,683	**13,871**	11,683
11.6	**Analysis of impairment allowance - Loans and advances**				
	Specific impairment	**1,764**	**1,764**	**1,764**	**1,764**
	Collective impairment	**-**	**-**	**-**	**-**
		1,764	1,764	**1,764**	1,764
11.6.1	**Movement in impairment allowance - Loans and advances**				
	At the beginning of the year	**1,764**	**1,857**	**1,764**	**1,857**
	Discontinued operations				
	(Write back)/(charge for the period)	**-**	**-**	**-**	**-**
	Provision no longer required	**-**	**-**	**-**	**-**
	Written off in the year	**-**	(93)	**-**	(93)
	At the end of the year	**1,764**	1,764	**1,764**	1,764
12.	**Trade receivables**				
	Trade receivables	**-**	**-**	**-**	-
	Operating lease service receivables	**6,035,654**	**5,726,956**	**4,282,762**	4,083,912
	Amount due from related companies (12.1)	**-**	**-**	**-**	-
	Account receivables	**454,676**	**296,916**	**856,479**	532,000
	Other debit balances	**234,917**	**201,416**	**19,888**	25,666
	Consumables	**2,049,514**	**1,997,387**	**2,046,802**	1,982,721
	Insurance receivables	**4,161**	**6,668**	**-**	-
	Withholding tax receivables	**5,290,525**	**5,193,200**	**5,252,475**	5,172,144
		14,069,447	**13,422,544**	12,458,406	11,796,444
	Impairment allowance	**(127,936)**	**(113,619)**	**(127,936)**	(113,619)
		13,941,511	**13,308,926**	**12,330,470**	**11,682,825**
12.1	Amount due from related companies				
	Leasafric Ghana	**-**	-	(255,258)	(183,538)
	C & I Leasing FZE		-	(198,703)	45,885
	EPIC International FZE, United Arab Emirates	**-**	-	5,344,136	5,370,928
	Impairment	**-**	-	(24,177)	(25,836)
		-	-	4,865,999	**5,207,439**
13.	**Finance lease receivables**				
	Gross finance lease receivable	**5,377,067**	**5,391,054**	**5,182,821**	**5,247,885**
	Unearned lease interest/maintenance	**(2,993,653)**	**(3,062,945)**	**(2,943,694)**	**(3,011,660)**
	Net investment in finance lease	**2,383,414**	2,328,109	**2,239,126**	2,236,225
	Impairment allowance (Note 13.4)	**(4,666)**	**(14,936)**	**(4,666)**	**(14,936)**
		2,378,747	2,313,173	**2,234,460**	2,221,289

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

		Group		Company	
		31 March 2021 N'000	31 December 2020 N'000	31 March 2021 N'000	31 December 2020 N'000
13.2	**The net investment in finance lease may be analysed as follows:**				
	Less than one year	**1,783,109**	**1,741,734**	**1,727,766**	**1,725,527**
	More than one year and less than five years	**600,305**	**586,375**	**511,360**	**510,698**
	More than five years	**-**	-	**-**	-
		2,383,414	2,328,109	**2,239,126**	2,236,225
13.3	**Analysis into current portion and non-current portion**				
	Current portion	**1,783,109**	**1,741,734**	**1,725,527**	**1,725,527**
	Non-current portion	**600,305**	**586,375**	**510,698**	**510,698**
		2,383,414	2,328,109	**2,236,225**	2,236,225
13.4	**Analysis of impairment allowance - Finance lease receivables**				
	Specific impairment				
	Collective impairment	**4,666**	**14,936**	**4,666**	**14,936**
		4,666	14,936	**4,666**	14,936
13.4.1	**Movement in impairment allowance - Finance lease receivables**				
	At the beginning of the year	**14,936**	**15,057**	**14,936**	**15,057**
	Discontinued operations	**-**	**-**	**-**	**-**
	Charge for the year	**-**	**-**	**-**	**-**
	Provision no longer required	**(10,270)**	**(121)**	**(10,270)**	**(121)**
	Written off in the year		**-**	**-**	-
	At the end of the year	**4,666**	14,936	**4,666**	14,936

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

		Group		Company	
		31 March 2021 N'000	31 December 2020 N'000	31 March 2021 N'000	31 December 2020 N'000
14.	**Available for sale assets**				
14.1	**Listed and unlisted equities - at fair**				
	First Bank of Nigeria Plc	**16,500**	**16,500**	**16,500**	**16,500**
	Fidelity Bank Plc	**12,000**	**12,000**	**12,000**	**12,000**
	BW Offshore	**-**	**-**	**-**	**-**
	Dimunition	**(20,523)**	**(21,165)**	**(20,523)**	**(21,165)**
		7,977	7,335	**7,977**	7,335
15.	**Investment in subsidiaries**				
	Leasafric Ghana Limited	**-**	-	754,736	754,736
	EPIC International FZE, United Arab Emirate	**-**	-	4,231	4,231
	C & I Leasing FZE	**-**	-	500	500
		-	-	**759,467**	758,967

15.1 Subsidiary undertakings

All shares in subsidiary undertakings are ordinary shares.

Subsidiary	Principal activ	Country of incorporation	Percentage held	Statutory year end
Leasafric Ghana Limited (Note 15.1.1)	Leasing	Ghana	70.89%	31 December
EPIC International FZE, United Arab Emirates (U.A.E.) (Note 15.1.4)	Trading in ships and	United Arab Emirates	100%	31 December
C & I Leasing FZE	Leasing	Nigeria	99%	31 December

15.1.1 Leasafric Ghana Limited

Leasafric Ghana Limited is a company incorporated in Ghana under the Companies Code, 1963 (Act 179) of Ghana as a Ghanian company authorised by the Bank of Ghana to provide leasing business. Leasafric Ghana was incorporated in Ghana. The requisite approval for C&I Leasing Plc investment in Leasafric Ghana was obtained from Central Bank of Nigeria.

15.1.2 EPIC International FZE, U.A.E.

EPIC International FZE, Ras Al khaimah United Arab Emirates (U.A.E.) was incorporated on 15 June 2011 as a Free Zone Establishment (FZE) under a Commercial License #5006480 issued by the Ras Al Khaimah Free Trade Zone, Ras Al Khaimah, U.A.E. The Company is registered under UAE Federal Law No.(8) of 1984 and 1988 as amended. The licensed activities of the Company is trading in ships and boats, its parts,

15.1.3 C & I Leasing FZE was incorporated on 18 December, 2017 as a Free Zone Establishment (FZE) under the companies licensed by the Dangoe Industries Free Zone Development Company under Act 63 of 1992 by the Nigeria Export Processing Zones Authority (NEPZA) as a service rendering enterprise.

15.2 Condensed results of consolidated entities

The consolidated results of the consolidated entities of C & I Leasing Plc are shown in Note 15.2.1.
The C&I Leasing Group in the condensed results includes the results of the underlisted entities:
C&I Leasing Plc
Leasafric Ghana Limited
EPIC International FZE, U.A.E.
C & I Leasing FZE

C & I LEASING PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

15.2.1 Condensed results of consolidated entities

31 MARCH 2021

	Parent - C&I Leasing Plc N'000	Leasafric Ghana Limited N'000	C & I Leasing FZE N'000	EPIC International FZE, U.A.E N'000	Total N'000	Elimination N'000	Group N'000
Condensed income statement							
Gross earnings	**3,274,746**	**846,740**	**-**	**424,195**	**4,545,680**	**-**	**4,545,680**
Net operating income/(Loss)	920,884	454,606	-	336,408	**1,711,898**	-	**1,711,898**
Impairment charge	642	(7,765)	-	-	**(7,124)**	-	**(7,124)**
Depreciation expense	(512,058)	(329,670)	-	(206,918)	**(1,048,647)**	-	**(1,048,647)**
Personel expenses	(255,312)	(31,005)	-	-	**(286,317)**	-	**(286,317)**
Other operating expenses	(205,180)	(48,819)	-	(1,466)	**(255,465)**	-	**(255,465)**
Profit/(loss) before tax	(51,024)	37,346	-	128,024	114,345	-	114,345
Income tax	(36,659)	-	-	-	(36,659)	-	(36,659)
Profit/(loss) after tax	**(87,683)**	**37,346**	**-**	**128,024**	**77,686**	**-**	**77,686**

C & I LEASING PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARTH 2021

31 MARCH 2021

Condensed statement of financial position	C&I Leasing Plc N'000	Leasafric Ghana Limited N'000	C & I Leasingl FZE	EPIC International FZE, U.A.E N'000	Total N'000	Elimination adjustments N'000	Group N'000
Assets							
Cash and balances with banks	**1,440,543**	85,958	-	185,135	1,711,637		1,711,637
Loans and receivables	**692,817**	15,975	-	-	708,792	-	708,792
Trade receivables	12,330,470	1,345,470	778,847	-	14,454,786	(513,275)	13,941,511
Due from related companies	4,865,999	283,650	(45,885)	(7,544,173)	(2,440,408)	2,440,408	-
Finance lease receivables	**2,234,460**	144,287	-	-	2,378,747		2,378,747
Available for sale financial assets	**7,977**	-	-	-	7,977		7,977
Investment in subsidiaries	**759,467**	-	-	-	759,467	(759,467)	-
Investment in joint ventures	**3,137,281**	**-**	**-**	**-**	3,137,281		3,137,281
Other assets	**681,811**	112,917	-	-	794,729	-	794,729
Inventory	**-**	-		-	-		-
Operating lease assets	**17,072,729**	2,060,102	-	12,771,429	31,904,260		31,904,260
Property, plant and equipment	**1,196,008**	188,029	-	-	1,384,037		1,384,037
Intangible assets	**-**	8,963	-	0	8,963		8,963
Current income tax assets	**-**	-	-	-	-		-
Deferred income tax assets	**854,607**	-	-	-	854,607		854,607
Total assets	**45,274,170**	**4,245,352**	**732,962**	**5,412,392**	**55,664,875**	**1,167,665**	**56,832,541**
Liabilities and equity							
Balances due to banks	1,177,080	53,304	-	-	1,230,384		1,230,384
Commercial notes	16,919,254	-	-	-	16,919,254		16,919,254
Borrowings	14,951,128	2,379,113	-	900,836	18,231,078	30,601	18,261,679
Trade payables	3,511,831	747,673	627,502	511,684	5,398,690	(571,013)	4,827,677
Other liabilities	-	-	-	-	-	-	-
Retirement benefit obligations	88,008	-	-	-	88,008		88,008
Current income tax liability	262,229	(28,914)	-	-	233,315		233,315
Deferred income tax liability	-	13,361	-	-	13,361		13,361
Equity and reserves	8,364,639	1,080,815	105,460	3,999,871	13,550,786	1,708,077	15,258,863
Total liabilities and equity	**45,274,170**	**4,245,352**	**732,962**	**5,412,392**	**55,664,875**	**1,167,665**	**56,832,541**

C & I LEASING PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

15.2.1 Condensed results of consolidated entities (Cont'd)

31 MARCH 2020

	C&I Leasing Plc N'000	Leasafric Ghana Limited N'000	C & I Leasingl FZE	EPIC International FZE, U.A.E N'000	Total N'000	Elimination adjustments N'000	Group N'000
Condensed income statement							
Gross earnings	**6,509,490**	**1,013,741**	**698,670**	**437,724**	**8,659,625**	**-**	**8,659,625**
Operating income	937,722	639,650	173,315	304,476	2,055,164	-	2,055,164
Impairment charge	(858)	-	-	-	(858)	-	(858)
Depreciation and amortisation	(386,198)	(558,433)	-	(179,872)	(1,124,503)	-	(1,124,503)
Personel expenses	(316,767)	(36,727)	-	-	(353,494)	-	(353,494)
Other operating expenses	(287,753)	(65,959)	-	(1,172)	(354,884)	-	(354,884)
Profit/(Loss) before tax	(53,854)	(21,469)	173,315	123,431	221,424	-	221,424
Income tax expense	(48,490)	-	-	-	(48,490)	-	(48,490)
Profit for the year	**(102,344)** -	**(21,469)**	**173,315**	**123,431** -	**172,934** -	**-** -	**172,934**

C & I LEASING PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

15.2.1 Condensed results of consolidated entities (Cont'd)

31 December 2020

Condensed statement of financial position	C&I Leasing Plc N'000	Leasafric Ghana Limited N'000	C & I Leasingl FZE	EPIC International FZE, U.A.E N'000	Total N'000	Elimination adjustments N'000	Group N'000
Assets							
Cash and balances due from banks	1,161,021	107,767	-	185,122	1,453,910		1,453,910
Loans and receivables	526,898	16,976	-	-	543,874	-	543,874
Trade and other receivables	11,682,825	1,155,177	778,847	-	13,616,849	(307,923)	13,308,926
Due from related companies	5,207,439	257,311	(45,885)	(7,530,654)	(2,111,788)	2,111,788	-
Finance lease receivables	2,221,289	91,884	-	-	2,313,173	-	2,313,173
Available for sale financial assets	7,335	-	-	-	7,335	-	7,335
Investment in subsidiaries	759,467	-	-	-	759,467	(759,467)	-
Investment in joint ventures	2,952,373	-	-	-	2,952,373	-	2,952,373
Other assets	561,537	86,183	-	-	647,720	-	647,720
Inventories	-	-	-	-	-	-	-
Operating lease assets	17,439,055	2,107,063	-	12,975,303	32,521,421	-	32,521,421
Property, plant and equipment	1,204,576	219,129	-	-	1,423,705	-	1,423,705
Intangible assets	-	11,533	-	0	11,533	-	11,533
Current income tax assets	-	-	-	-	-	-	-
Deferred income tax assets	853,201	-	-	-	853,201	-	853,201
Total assets	**44,577,015**	**4,053,023**	**732,962**	**5,629,771**	**54,992,771**	**1,044,398**	**56,037,169**
Liabilities and equity							
Balances due to banks	924,912	41,847	-	-	966,759	-	966,759
Commercial notes	15,438,232	10,943	-	-	15,449,175	-	15,449,175
Borrowings	15,761,935	2,506,822	-	1,110,709	19,379,465	-	19,379,465
Trade payables	3,489,194	516,776	566,624	438,099	5,010,694	-	5,010,694
Other liabilities	-	-	-	-	-	(307,923)	(307,923)
Retirement benefit obligations	43,401	-	-	-	43,401	-	43,401
Current income tax liability	169,112	(75,836)	-	-	93,276	-	93,276
Deferred income tax liability	-	87,578	-	-	87,578	-	87,578
Equity and reserves	8,750,229	964,894	166,338	4,080,962	13,962,424	1,352,321	15,314,745
Total liabilities and equity	**44,577,015**	**4,053,023**	**732,962**	**5,629,771**	**54,992,771**	**1,044,398**	**56,037,169**

C & I LEASING PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

	Group		Company	
	31 March 2021 N'000	31 December 2020 N'000	31 March 2021 N'000	31 December N'000
16. Other assets				
Non-financial assets:				
Prepayments	**794,729**	647,720	**681,811**	561,537
Net other assets balance	794,729	647,720	681,811	561,537

17. Operating lease assets

Group

	Autos and trucks N'000	Office equipment N'000	Marine equipment N'000	Construction in progress N'000	Cranes N'000	Total N'000
Cost						
At 1 January 2021	14,027,479	36,856	35,226,842	2,381,926	364,793	52,037,895
Ajustment/Reclassification	-		-	-	-	-
Additions	31,309	-	95,791	-	-	127,100
Disposals in the period	(65,150)	-	-	-	(79,633)	(144,783)
Exchange difference	350,441	-	(0)	43,249	2,171	395,860
At 31 Mar 2021	14,344,079	36,856	35,322,632	2,425,176	287,330	52,416,072
Accumulated depreciation						
At 1 January 2021	9,493,274	33,067	9,663,582	-	326,550	19,516,474
Ajustment/Reclassification	(91,972)		203,873			111,901
Charge for the year	747,192	653	251,355	-	3,071	1,002,271
Disposals in the period	(65,150)	-	-	-	(57,071)	(122,221)
Exchange difference	-	-	-	-	3,387	3,387
At 31 Mar 2021	10,083,344	33,720	10,118,810	-	275,937	20,511,812
Carrying amount						
At 31 Mar 2021	**4,260,734**	**3,136**	**25,203,822**	**2,425,176**	**11,393**	**31,904,260**

	Autos and trucks N'000	Office equipment N'000	Marine equipment N'000	Construction in progress N'000	Cranes N'000	Total N'000
Cost						
At 1 January 2020	12,739,927	36,856	32,595,104	833,472	364,793	46,570,152
Additions	1,962,662	-	949,423	1,548,454	-	4,460,538
Ajustment/Reclassification	(675,110)	-	1,682,315	-	-	1,007,205
Disposals in the period	-	-	-	-	-	-
Exchange difference	-	-	-	-	-	-
At 31 December 2020	14,027,479	36,856	35,226,842	2,381,926	364,793	52,037,895
Accumulated depreciation						
At 1 January 2020	8,630,829	30,328	7,717,315	-	307,309	16,685,781
Charge for the year	1,987,124	2,740	1,822,290	-	19,241	3,831,395
Ajustment/Reclassification	(1,124,679)	-	123,977	-	-	(1,000,702)
Disposals in the period	-	-	-	-	-	-
Exchange difference	-	-	-	-	-	-
At 31 December 2020	9,493,274	33,067	9,663,582	-	326,550	19,516,474
Carrying amount						
At 31 December 2020	**4,534,204**	**3,788**	**25,563,259**	**2,381,926**	**38,243**	**32,521,421**

C & I LEASING PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

17. Operating lease assets

Company

	Autos and trucks N'000	Office equipment N'000	Marine equipment N'000	Construction in progress N'000	Cranes N'000	Total N'000
Cost						
At 1 January 2021	7,259,483	36,856	19,593,361	2,381,927	310,013	29,581,639
Adjustment	-	-	-			-
Additions	31,309	-	95,791	29,565	-	156,665
Reclassified	-	-	-	-	-	-
Disposals in the period	(65,150)	-	-	-	(79,633)	(144,783)
At 31 Mar 2021	7,225,642	36,856	19,689,152	2,411,492	230,380	29,593,521
Accumulated depreciation						
At 1 January 2021	4,832,331	33,068	7,005,405	-	271,778	12,142,581
Adjustment	-	-	-		-	-
Charge for the period	245,355	653	251,355	-	3,069	500,432
Disposals in the period	(65,150)	-	-	-	(57,071)	(122,221)
At 31 Mar 2021	5,012,536	33,720	7,256,760	-	217,777	12,520,792
Carrying amount						
At 31 Mar 2021	**2,213,106**	**3,135**	**12,432,393**	**2,411,492**	**12,603**	**17,072,729**

	Autos and trucks N'000	Office equipment N'000	Marine equipment N'000	Construction in progress N'000	Cranes N'000	Total N'000
Cost						
At 1 January 2020	5,496,454	36,856	7,411,147	-	310,013	13,254,470
Additions	1,962,662	-	949,423	2,381,927	-	5,294,011
Reclassification	-	-	11,232,792	-	-	11,232,792
Disposal in the year	(199,633)	-	-	-	-	(199,633)
At 31 December 2020	7,259,483	36,856	19,593,361	2,381,927	310,013	29,581,639
Accumulated depreciation						
At 1 January 2020	4,436,503	30,328	3,166,540	-	252,589	7,885,960
Charge for the year	599,152	2,740	1,044,364	-	19,189	1,665,445
Adjustment	(3,690)		2,794,500			2,790,810
Disposals in the year	(199,633)	-	-	-	-	(199,633)
At 31 December 2020	4,832,331	33,068	7,005,405	-	271,778	12,142,581
Carrying amount						
At 31 December 2020	**2,427,152**	**3,788**	**12,587,957**	**2,381,927**	**38,235**	**17,439,058**

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

18. Property, plant and equipment

Group	Autos and trucks N'000	Furniture and fittings N'000	Office equipment N'000	Plant and machinery N'000	Buildings N'000	Land N'000	Construction in progress N'000	Marine Equipment N'000	Total N'000
Valuation/Cost									
At 1 January 2021	964,851	98,324	409,184	72,643	471,641	783,289	77,239	-	2,877,171
Additions	-	-	3,415	-	-	-	-	-	3,415
Revaluation surplus	-	-	-	-	-	-	-		-
Adjustment/Reclassification	-	(248)	-	(11,133)	-	-	-	11,133	(248)
Disposal in the period	-	-	-	-	-	-	-		-
Exchange difference	30,061	852	1,359		356	1,258			33,886
At 31 Mar 2021	994,912	98,928	413,958	61,510	471,997	784,547	77,239	11,133	2,914,224
Accumulated depreciation									
At 1 January 2021	784,757	84,865	341,594	51,154	184,694	-	-	6,680	1,453,744
Charge for the period	31,069	1,530	6,503	4,417	2,299	-	-	557	46,376
Disposal in the period	-	-	-	-	-	-	-		-
Exchange difference	30,161	653	1,967	(2,866)	153	-	-		30,068
At 31 Mar 2021	845,987	87,048	350,065	52,705	187,146	-	-	7,237	1,530,188
Carrying amount									
At 31 Mar 2021	**148,925**	**11,880**	**63,893**	**8,805**	**284,851**	**784,547**	**77,239**	**3,896**	**1,384,036**
Valuation/Cost									
At 1 January 2020	1,062,341	96,246	392,162	72,643	471,509	783,289	77,239	11,133	2,966,563
Additions	-	2,356	17,021	-	132	-	-	-	19,510
Revaluation surplus	-	-	-	-	-	-	-		-
Transfer/Reclassifications	(75,290)	-	-	(11,133)	-	-	-	-	(86,423)
Disposal in the year	(22,200)	-	-	-	-	-	-	-	(22,200)
Exchange difference	-	(278)	-	-	-	-	-	-	(278)
At 31 December 2020	964,851	98,324	409,184	61,510	471,641	783,289	77,239	11,133	2,877,171
Accumulated depreciation									
At 1 January 2020	762,103	78,096	314,748	44,741	175,345	-	-	-	1,375,032
Charge for the year	44,854	6,769	26,846	6,414	9,349	-	-	4,454	98,686
Disposal in the year	(22,200)	-	-	-	-	-	-	-	(22,200)
Exchange difference	-	-	-	-	-	2,226	-	-	2,226
At 31 December 2020	784,757	84,865	341,594	51,154	184,694	2,226	-	4,454	1,453,744
Carrying amount									
At 31 December 2018	**180,094**	**13,459**	**67,590**	**10,355**	**286,948**	**781,063**	**77,239**	**6,679**	**1,423,427**

19.1 The land and buildings of the group were not revalued on 31 December 2020.

18. Property, plant and equipment

Company	Autos and trucks N'000	Furniture and fittings N'000	Office equipment N'000	Plant and machinery N'000	Buildings N'000	Land N'000	Construction in progress N'000	Marine Equipment N'000	Total N'000
Valuation/Cost									
At 1 January 2021	228,970	84,106	374,879	61,510	462,649	751,543	77,239	11,133	2,052,028
Adjustment	-	-	-	-	-	-	-	-	-
Additions	-	-	3,058	-	-	-	-	-	3,058
Disposal in the period	-	-	-	-	-	-	-	-	-
At 31 Mar 2021	228,970	84,106	377,937	61,510	462,649	751,543	77,239	11,133	2,055,086
Accumulated depreciation									
At 1 January 2021	225,439	70,172	314,453	51,154	176,496	-	-	6,679.98	844,395
Adjustment	-	3,057	-	-	-	-	-	-	3,057
Charge for the period	889	1,219	5,410	1,551	2,001	-	-	556.67	11,626
Disposal in the period	-	-	-	-	-	-	-	-	-
At 31 Mar 2021	226,328	74,449	319,864	52,705	178,497	-	-	7,237	859,078
Carrying amount									
At 31 Mar 2021	**2,642**	**9,657**	**58,073**	**8,805**	**284,152**	**751,543**	**77,239**	**3,897**	**1,196,008**
Valuation/Cost									
At 1 January 2020	251,170	81,832	358,758	61,510	462,649	751,543	77,239	11,133	2,055,834
Additions	-	2,117	16,121	-	-	-	-	-	18,238
Adjustment	-	157	-	-	-	-	-	-	157
Disposal in the year	(22,200)	-	-	-	-	-	-	-	(22,200)
At 31 December 2020	228,970	84,106	374,879	61,510	462,649	751,543	77,239	11,133	2,052,028
Accumulated depreciation									
At 1 January 2020	246,242	67,880	291,621	44,741	168,860	-	-	4,453	823,798
Charge for the year	1,398	2,227	22,648	6,414	7,987	-	-	2,227	42,899
Adjustment	-	65	185	-	(351)	-	-	-	(102)
Disposal in the year	(22,200)	-	-	-	-	-	-	-	(22,200)
At 31 December 2020	225,439	70,172	314,453	51,154	176,496	-	-	6,680	844,395
Carrying amount									
At 31 December 2020	**3,531**	**13,934**	**60,425**	**10,355**	**286,153**	**751,543**	**77,239**	**4,453**	**1,207,634**

19.1 The land and buildings of the group were not revalued on 31 December 2020.

C & I LEASING PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

		Group		Company	
		31 March 2021 N'000	31 December 2020 N'000	**31 March 2021 N'000**	31 December 2020 N'000
19.	**Intangible assets**				
	Computer software				
	Cost	**213,103**	203,154	**163,267**	163,267
	Transfer from Profit or Loss	**-**	-	**-**	-
	Additions	**1,981**	9,950	**-**	-
	Exhange difference	**-**	-	**-**	-
		215,084	213,103	163,267	163,267
	Amortisation				
	A January 1, 2019	**201,571**	176,356	**163,266**	159,509
	Audit adjustment	**1,685**	13,718	**-**	3,757
	Amortisation charge	**2,866**	11,497	**-**	-
		206,122	201,571	163,266	163,266
	Net carrying amount				
	At 31 Dec	8,963	11,533	0	0

Amortisation has not been charged for the year as the software is yet to be put into use by the Company as at year end.
The software is not internally generated.

		Group 31 March 2021	Group 31 December 2020	Company 31 March 2021	Company 31 December 2020
20.	**Balance due to banks**				
	First City Monument Bank Plc	**107,088**	15,010	**107,077**	15,010
	Diamond Bank Plc	**555,190**	418,914	**555,190**	411,126
	First Security Discount House	**-**	-	**11**	-
	Standard Chartered Bank	-	-	-	-
	Stabic IBTC Plc	**32,668**	23,184	**-**	-
	GTB	**-**	-	**-**	-
	Fidelity Bank Plc	**499,281**	498,776	**499,281**	498,776
	Barclay Bank of Ghana	**14,459**	-	**-**	-
	Zenith Bank Plc	**976**	1,106	**434**	-
	Intercontinental Bank Ghana	1,202	-	-	-
	Union Bank Plc	**19,519**	-	**15,086**	-
	United Bank for Africa	**-**	9,769	**-**	-
		1,230,384	966,759	1,177,080	924,912
21.	**Commercial notes**				
	Institutional clients	**3,244,346**	2,954,785	**3,244,346**	2,960,354
	Individual clients	**13,674,908**	12,494,390	**13,674,908**	12,477,879
		16,919,254	15,449,175	16,919,254	15,438,232
21.1	**Analysis of commercial notes**				
	Current	**16,919,254**	15,449,175	**16,919,254**	15,438,232
	Non-current	**-**	-	**-**	-
		16,919,254	15,449,175	16,919,254	15,438,232

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

		Group		Company	
		31 March 2021 N'000	31 December 2020 N'000	**31 March 2021 N'000**	31 December 2020 N'000
22.	**Trade and other liabilities**				
	Financial liabilities:				
	Trade payables	**-**	-	**-**	-
	Security deposits	**-**	-	**-**	-
	Statutory deductions (WHT, PAYE)	**762,197**	554,946	**665,318**	433,780
	Intercompany balances	**-**	-	**-**	-
	Accounts payable	**3,236,913**	3,495,574	**2,422,646**	2,742,077
	Payments received on account	295,977	295,977	295,977	295,977
	Deferred rental income	**22,005**	4,137	**17,600**	3,520
		4,317,092	4,350,634	3,401,541	3,475,354
	Non-financial liabilities:				
	Provision and accruals	**510,584**	352,136	**110,290**	13,840
	Total other liabilities	4,827,677	4,702,770	3,511,831	3,489,194
23.	**Taxation**				
23.1	**Income tax charge**				
	Income tax	**30,531**	106,590	**30,531**	64,694
	Education tax	**6,106**	10,345	**6,106**	10,345
	Technology tax	**21**	730	**21**	730
	Current income tax	36,659	117,665	36,659	75,769
	Deferred tax charge	**-**	1,407	**-**	1,407
	Income tax	36,659	119,072	36,659	77,176
23.2	**Current income tax liability**				
	At the beginning of the year	**93,276**	25,935	169,112	85,554
	Adjustment/exchange difference	**120,423**	12,696	**73,501**	11,289
	Charge for the year	**36,659**	119,071	36,659	77,176
	Reclassified to deferred income tax asset	**-**	(1,407)	-	(1,407)
	Payments during the year	**(17,042)**	(63,020)	(17,042)	(3,500)
	At the end of the year	233,315	93,276	262,229	169,112
23.3	**Deferred income tax assets**				
	At the beginning of the year	**(853,200)**	(854,607)	**(853,200)**	(854,607)
	Audit Adjustment	**(1,407)**	**1,407**	**(1,407)**	**1,407**
	At the end of the year	(854,607)	(853,200)	(854,607)	(853,200)
23.3.1	**Analysis of deferred income tax assets**				
	Property, plant and equipment	**(854,607)**	(853,200)	**(854,607)**	(854,607)
	Allowance for loan and other assets losses	**-**	-	**-**	-
		(854,607)	(853,200)	(854,607)	(854,607)
24.	**Borrowings**				
	Term loans (Note 26.1)	**7,946,401**	8,864,939	**7,112,147**	7,869,212
	Finance lease facilities (Note 26.2)	**6,263,331**	6,333,252	**3,787,034**	3,711,448
	Redeemable bonds (Note 26.3)	**4,051,947**	4,181,274	**4,051,947**	4,181,274
		18,261,679	19,379,465	14,951,128	15,761,935

The Group has not had any defaults of principal, interest or other breaches with respect to their liabilities during the year (December 2018 : Nil).

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

		Group		Company	
		31 March 2021 N'000	31 December 2020 N'000	**31 March 2021 N'000**	31 December 2020 N'000
24.1	**Term loans**				
	First City Monument Bank Plc (Note 24.1.2)	**3,418,494**	3,683,350	**3,418,494**	3,683,350
	Fidelity Bank	**-**	-	**-**	-
	Netherlands	**900,836**	1,110,709		
	Financial Derivative Company	**1,862,894**	1,812,973	**1,862,894**	1,812,973
	Secured lease notes	**1,764,177**	2,257,907	**1,830,759**	2,372,889
		7,946,401	8,864,939	7,112,147	7,869,212
24.1.1	**Analysis of term loans**				
	Current	**1,800,993**	2,009,173	**2,006,142**	1,731,329
	Non-current	**6,145,408**	6,855,766	**5,106,006**	6,137,884
		7,946,401	8,864,939	7,112,147	7,869,212

24.1.2 First City Monument Bank Plc

Facility represents US $1,875,000 term loan secured from First City Monument Bank Plc on 2 December 2020 for a period of 48 months to part finance acquisition of a vessel and balance of the N500 million IDF line for marine operation. The interest on the loan is 9% per annum dollar interest rate

24.1.3 B.V. Scheepswerf Damen Gorinchem,

Facility represents US $22,185,680 term loan secured from B.V. Scheepswerf Damen Gorinchem, The Netherlands, for a period of five years . The interest on the loan is 4.8% per annum. The facility is required to enable the Company meets its financial obligations on new boat acquisition. The facility was obtained by EPIC International FZE, U.A.E. The loan stood at $2,918,758 as at 31 March, 2021.

24.1.4 Bank of Industry

On the 8th of February 2017 C & I Group had entered into financing agreement with Bank of Industry limited (Nigeria) for Long term Loan of $11,880,000 for acquisition of Epic Vessel. The loan is payable in five years inclusive of six months moratorium period. Rate of interest is 6.5% per annum. Loan is secured by bank guarantee from First City Monument Bank Plc.

24.1.5 Secured Leased Notes

Facility represents amount obtained from various individual and institutional investors under term loan agreement at interest of 9% per annum. The facility was obtained for construction of vessels for the Company. As security for the facility, the investors are given equity holdings in the vessels being constructed. The tenor for the facility ranges between 50 - 60 months.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

		Group		Company	
		31 March 2021 N'000	31 December 2020 N'000	**31 March 2021 N'000**	31 December 2020 N'000
25.2	**Finance lease facilities**				
	Diamond Bank Plc (Note 25.2.2)	**677,958**	**1,226,912**	**677,958**	**1,226,912**
	Stanbic IBTC Bank (Note 25.2.3)	**1,162,734**	**753,547**	**431,866**	**289,066**
	First Bank Nigeria Ltd (Note 25.2.4)	**-**	**-**	**-**	**-**
	First City Monument Bank Plc (24.1.2)	**557,477**	**37,052**	**557,477**	**37,052**
	Lotus Capital Limited (Note 25.2.5	**1,122,515**	**831,075**	**1,122,515**	**831,075**
	United Bank for Africa (Note 25.2.8)	**540,144**	**561,527**	**-**	**-**
	Golden Cedar, Ghana (Note 25.2.9)	**447,207**	**737,446**	**-**	**-**
	Barclays Bank Ghana (Note 26.2.10)	**184,078**	**807,675**	**-**	**-**
	FSDH Merchant Bank Ltd (Note 25.2.11)	**452,259**	**556,626**	**452,259**	**556,626**
	WSTC	**-**	**502,459**	**-**	**502,459**
	Growth and Development Ltd	**-**	**217,778**		**217,778**
	Others	**1,118,958**	**101,154**	**44,958**	**50,480**
		6,263,331	6,333,252	3,287,034	3,711,448
25.2.1	**Analysis of finance lease facility**				
	Current	**2,727,402**	**2,727,402**	**840,105**	**948,578**
	Non-current	**3,535,929**	**3,605,850**	**2,446,928**	**2,762,870**
		6,263,331	6,333,252	3,287,034	3,711,448

25.2.2 Access Bank Plc (Formally Diamond Bank)

This facility represents N1.8 billion motor vehicle corporate lease renewable annually for the purpose of financing 80% of cost required to purchase vehicles to service lease or fleet management contract for vehicles from corporate organisations. The interest is at 15% per annum (subject to changes in line with money market conditions) and its tenor is 4 years (48 months).

25.2.3 Stanbic IBTC Bank Plc

Facility represents N700 million finance lease facility secured from Stanbic IBTC Bank Limited in February 2010 for a period of three years. The interest on the facility is 5% per annum. The facility was secured by legal ownership of assets finance under the lease contract.

25.2.4 First Bank Nigeria Limited

This relates to N2 billion equipment lease facility secured from First Bank Nigeria Limited on 10 February 2011 for a period of four years.The interest on the facility is 18% per annum.The facility was secured by corporate guarantee of C&I Leasing. This facility has been fully paid as at March 31, 2021

25.2.5 Lotus Capital Limited

This represents N200 million Murabaha facility secured from Lotus Capital Limited under the Murabaha agreement of 7 September 2011 for a period of three years. The interest on the facility is 16.02% per annum.

25.2.8 United Bank for Africa Plc

Facility represents N500 million contract/lease finance facility secured from United Bank for Africa Plc in August 2011 for a period of three years, to part-finance 80% of various lease facilities availed by the C&I to its clients.The interest on the facility is 16% per annum. The facility was secured by joint ownership of leased asset/equipment by UBA and C&I Leasing.

C & I LEASING PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

25.2.10 Barclays Bank of Ghana

Facilicty represents US$750,000 finance lease facility secured from Barclays Bank of Ghana Limited in February 2012 for a period of three years. The interest on the facility is 8% per annum. The facility was secured by legal ownership of the leased assets.

25.2.11 FSDH Merchant Bank Limited

Facility represents asset backed lease note secured from First Securities Discount House Limited in February 2012 for a period of two years with a moratorium of three months on principal repayment. The interest on the facility is 16% per annum.

		Group		Company	
		31 March 2021 N'000	31 December 2020 N'000	**31 March 2021 N'000**	31 December 2020 N'000
25.3	**Redeemable bonds**				
	Redeemable bond	4,051,947	**4,181,274**	**4,051,947**	**4,181,274**
	Convertible Bond	-	**-**	**-**	**-**
		4,051,947	4,181,274	4,051,947	4,181,274
25.3.1	**Analysis of redeemable bonds**				
	Current	**120,021**	123,851	**120,021**	123,851
	Non-current	**3,931,927**	4,057,423	**3,931,927**	4,057,423
		4,051,947	4,181,274	4,051,947	4,181,274

25.3.2 Redeemable bonds include financial instruments classified as liabilities measured at amortised cost

This is a 5years N7 billion series 1, 16.54% fixed rate senior secured bond due 2023, issued by C and I Leasing on the 11th of June, 2018, for subscription by investors, with an issue price of N1,000 at par. The maturity date being 11th of June 2023 (being the 5th year anniversary from the allotment date). Coupon is at a minimum of 300bps above equivalent FGN bond yield. The purpose is for business expansion, repayment and restructuring of existing facilities and commercial papers as well as working capital funding. The bonds are redeemable at par according to amortization table, the bonds are irrevocable, direct, secured, senior, and unconditional obligations of C and I Leasing Plc and shall rank pari passu among themselves.

25.3.2 Convertible bond

This represent 5 years USD375,000 each convertible bonds, in an aggregate principal amount of USD3,000,000.00 issued in 2014 by Leasafric Ghana Limited.

		Group		Company	
		31 March 2021 N'000	31 December 2020 N'000	**31 March 2021 N'000**	31 December 2020 N'000
26.	**Retirement benefit obligations**				
	Defined contribution pension plan (Note 27.1)	**88,008**	**43,401**	**88,008**	**43,401**
		88,008	43,401	88,008	43,401

C & I LEASING PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

		Group		Company	
		31 March 2021 N'000	31 December 2020 N'000	31 March 2021 N'000	31 December 2020 N'000
26.1	**Defined contribution pension**				
	At the beginning of the year	**43,400**	**10,772**	**43,400**	**10,772**
	Contribution during the year	**164,518**	**726,387**	164,518	**726,387**
	Remittance during the year	**(119,910)**	**(693,759)**	(119,910)	**(693,759)**
	At the end of the year	88,007	43,400	88,007	43,400

26.1.1 The Group make 10% and its employees make a contribution of 8% basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund

27.	**Share capital**				
27.1	**Authorised share capital**				
	3,000,000,000 ordinary shares of 50k each	**1,500,000**	1,500,000	**1,500,000**	1,500,000
27.2	**Issued and fully paid**				
	781,646,600 ordinary shares of 50k each	**390,823**	**390,823**	**390,823**	**390,823**
28.	**Deposit for shares**				
	At the beginning of the year	**1,975,000**	1,975,000	**1,975,000**	1,975,000
	Adjustment	**-**	-	**-**	-
	At the end of the year	1,975,000	1,975,000	1,975,000	1,975,000

This represents US$12,486,143.09 unsecured variable coupon convertible notes issued by Aureos Africa LLC on 11 January 2010 for a period of five years. The interest to be paid on notes is equivalent, in any year, to dividend declared by C&I Leasing and payable on the equivalent number of ordinary shares underlying the loan stock. The loan stock has been transferred to Peace mass transport company (PMT) under a private arrangement The Company is in the process of converting the notes to its equity and has elected to include The amount outstanding at 31 March 2021 is US$10,000,000.00

		Group		Company	
		31 March 2021 N'000	31 December 2020 N'000	**31 March 2021 N'000**	31 December 2020 N'000
29.	**Statutory reserve**				
	At the beginning of the year	**1,342,874**	1,703,520	**867,817**	889,678
	Audit adjustment	**(80,836)**	(468,731)	**5,953**	(42,914)
	Transfer from income statement	**20,044**	108,085	**-**	21,053
	At the end of the year	1,282,083	1,342,874	873,770	867,817

Nigerian banking regulations requires the Group to make an annual appropriation to a statutory reserve. As stipulated in S. 16 (1) of the Banks and Other Financial Institutions Act CAP B3 LFN 2004 and Central Bank of Nigeria (CBN) guidelines, an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

	Group		Company	
	31 March 2021 N'000	31 December 2020 N'000	31 March 2021 N'000	31 December 2020 N'000
30. Statutory credit reserve				
At the beginning of the year	**258,643**	373,682	**258,643**	373,682
Audit adjustment	**367,085**	(115,039)	**380,136**	(115,039)
Arising in the period	**-**	-	**-**	-
At the end of the year	625,728	258,643	638,779	258,643

The Group determines its loan loss provisions based on the requirements of IFRS. The difference between the loan loss provision as determined under IFRS and the provision as determined under Prudential Guidelines (as prescribed by the Central Bank) is recorded in this reserve. This reserve is non distributable.

	Group		Company	
	31 March 2021 N'000	31 December 2020 N'000	31 March 2021 N'000	31 December 2020 N'000
31. Retained earnings				
At the beginning of the year	**3,320,154**	3,972,171	**1,175,350**	950,442
Dividend declared and paid	**(500,000)**	(156,329)	**(500,000)**	(156,329)
Transfer from income statement	**46,770**	252,199	**(87,683)**	49,124
Audit adjustment	**263,583**	(747,887)	**(186,205)**	332,113
Transfer to statutory credit reserve	**-**	-		-
At the end of the period	**3,130,508**	3,320,154	**401,461**	1,175,350
32. Foreign currency translation reserve				
At the beginning of the year	**3,692,655**	893,787	**-**	-
Audit adjustment	**(832,054)**	2,080,226		
Arising in the year	**272,977**	718,642	**-**	-
At the end of the period	**3,133,578**	3,692,655	-	-

This represents net exchange difference arising from translation of reserve balances of foreign entity at closing rate.

	Group		Company	
33. AFS fair value reserve				
At the beginning of the year	**4,497**	4,497	**4,497**	4,497
(Loss)/Gain arising in the year	2,210	**-**	2,210	**-**
At the end of the period	6,707	4,497	6,707	4,497

Available for sale (AFS) fair value reserve represents gains or losses arising from marked to market valuation on available for sale assets.

C & I LEASING PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

	Group		Company	
	31 March 2021	31 December 2020	**31 March 2021**	31 December 2020
	N'000	N'000	**N'000**	N'000
34. Revaluation reserve				
At the beginning of the year	**716,490**	716,490	**716,490**	716,490
Arising during the year	**-**	-	**-**	-
At the end of the period	716,490	716,490	716,490	716,490

Revaluation reserve relates surplus arising from the revaluation of land and buildings included in property, plant and equipment.

	Group		Company	
35. Non controlling interest				
At the beginning of the year	**251,999**	363,118	**-**	-
Arising during the year	**10,871**	(4,295)	**-**	-
Prior year adjustment	**373,467**	(106,824)	**-**	-
At the end of the period	**636,337**	251,999	**-**	-
36. Cash and cash equivalents				
Cash and balances with banks (Note 10)	**1,711,637**	1,453,910	**1,440,543**	1,161,021
Balance due to banks (Note 21)	**(1,230,384)**	(966,759)	**(1,177,080)**	(924,912)
	481,253	487,151	263,464	236,109
37. Impairment charge				
Debit balances written off	**-**	**-**	**-**	**-**
Finance lease receivables	**-**	**67,524**	**-**	**17,667**
Lease rental due	**-**	**(3,436)**	**-**	**(3,436)**
Loans and advances	**-**	**935**	**-**	**935**
Intercompany balance	**-**	**(29,241)**	**-**	**(29,241)**
Other assets	**7,124**	**(39,229)**	**(642)**	**(39,229)**
Per income statement	7,124	(3,448)	(642)	(53,304)

	Group		Company	
	31 March 2021	**31 March 2020**	**31 March 2021**	**31 March 2020**
	N'000	**N'000**	**N'000**	**N'000**
38. Lease rental income				
Finance lease/operating lease	**3,691,974**	**5,351,830**	**2,448,242**	**3,332,368**
	3,691,974	**5,351,830**	**2,448,242**	**3,332,368**
39. Lease interest expense				
Finance lease interest	**366,293**	**656,513**	**223,298**	**247,887**
Commercial notes interest	**424,480**	**708,685**	**423,889**	**708,685**
Term loans interest	**291,045**	**365,794**	**203,258**	**365,794**
	1,081,818	**1,730,993**	**850,445**	**1,322,367**

C & I LEASING PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

		Group		Company	
		31 March 2021 N'000	31 March 2020 N'000	31 March 2021 N'000	31 March 2020 N'000
40.	**Outsourcing income**				
	Outsourcing rental	2,788,186	2,641,119	2,788,186	2,641,119
	Outsourcing service expense	(2,481,563)	(2,332,404)	(2,481,563)	(2,332,404)
		306,624	308,715	306,624	308,715
41.	**Tracking and tagging income**				
	Tracking income	35,753	58,518	35,753	58,518
	Tracking expenses	(18,445)	(18,414)	(18,445)	(18,414)
		17,308	40,104	17,308	40,104
42.	**Interest income**				
	Interest on loans and advances	-	-	-	-
	Interest on bank deposits	7,493	36,523	170	5,599
		7,493	36,523	170	5,599
43.	**Other income**				
	Gain on sale of operating lease assets (Note 46.1)	71,198	68,823	60,089	20,389
	Foreign exchange gain	156,617	-	156,617	-
	Insurance claims received	276	1,993	276	1,993
	Insurance income on finance leases	2,721	3,036	2,721	3,036
	Investment income	-	67	-	67
	Management fee income	104,535	337,830	104,535	337,830
	Rent received	5,120	4,960	5,120	4,960
	Others	11,307	56,373	2,536	5,058
		351,773	473,082	331,893	373,333
44.	**Operating expenses**				
	Direct operating expenses	1,379,709	2,275,491	1,302,173	1,670,050
	Finance lease assets maintenance	247,531	192,737	127,438	174,110
	Finance lease assets insurance	106,280	54,423	55,361	54,423
		1,733,520	2,522,651	1,484,972	1,898,583
45.	**Depreciation expense**				
	Operating lease assets	1,002,271	1,074,594	500,432	374,545
	Property, plant and equipment	46,376	49,910	11,626	11,653
		1,048,647	1,124,503	512,058	386,198
46.	**Personnel expense**				
	Salaries and allowances	247,708	275,551	229,232	254,265
	Pension contribution expense	15,783	15,780	13,952	13,789
	Training and medical	22,826	62,164	12,128	48,713
		286,317	353,494	255,312	316,767
47.	**Distribution expenses**				
	Marketing	-	-	-	-
	Advertising	-	-	-	-
		-	-	-	-

		Group		Company	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
		N'000	N'000	N'000	N'000
48.	**Administrative expenses**				
	Auditors' remuneration	**11,323**	7,283	**9,477**	4,200
	Directors' emoluments	**22,610**	30,331	**18,670**	26,375
	Foreign exchange loss	**-**	13,909	**-**	13,909
	Bank charges	**39,470**	7,043	**36,033**	397
	Fuel and maintenance	**6,693**	15,613	**6,235**	13,599
	Insurance	**19,302**	23,131	**19,302**	23,131
	Advert and external relations	**3,574**	12,707	**1,604**	9,740
	Travel and entertainment	**14,620**	45,561	**13,819**	42,276
	Legal and professional expenses	**70,759**	76,091	**65,577**	75,993
	Communications	**17,601**	25,868	**14,701**	21,903
	Subscriptions	**10,314**	28,368	**5,980**	24,948
	Levies and penalties	**170**	6,191	**170**	1,614
	Other administrative expenses	**39,029**	62,789	**13,612**	29,667
		255,465	**354,884**	**205,180**	**287,753**

49. Basic earnings per share

Earnings per share (basic) (EPS) have been computed for each period on the profit after taxation attributable to ordinary shareholders and divided by the weighted average number of issued N0.50 ordinary shares during the period. While diluted earnings per share is calculated by adjusting the weighted average ordinary shares outstanding to assume conversion of all diluted potential ordinary shares. There were 1,769,147 potential dilutive shares as at March 2021 (December 2020 : 1,769,147).

	Group		Company	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	N'000	N'000	N'000	N'000
Profit after taxation	**77,686**	172,934	**(87,683)**	(102,344)
	Number	**Number**	**Number**	**Number**
Number of shares at period end	781,646	781,646	781,646	781,646
Time weighted average number of shares in	781,646	781,646	781,646	781,646
Diluted number of shares	**1,769,147**	1,769,147	**1,769,147**	**1,769,147**
Earnings per share (EPS) (kobo) - basic	**10**	**22**	**(11)**	**(13)**
Earnings per share (EPS) (kobo) - diluted	**4**	**10**	**(5)**	**(6)**

		N'000	N'000	N'000	N'000
50.	**Information regarding Directors and employees**				
50.1	**Directors**				
50.1.1	**Directors' emoluments**				
	Fees	**11,002**	11,006	**7,063**	7,050
	Other emoluments	**11,608**	17,366	**11,608**	17,366
		22,610	28,372	18,670	24,416

C & I LEASING PLC

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2021

	Group		Company	
	31 March 2021 N'000	31 March 2020 N'000	31 March 2021 N'000	31 March 2020 N'000
50.1.2 Fees and emoluments disclosed above excluding pension contributions include amounts paid to:				
The Chairman	**1,663**	6,753	**1,663**	6,753
Other Directors	**20,947**	21,619	**17,007**	17,663

	Group		Company	
50.1.3 The number of Directors [including the Chairman and the highest paid Director] who received fees and other emoluments [excluding pension contributions] in the	Number	Number	Number	Number
N240,001 - N400,000	**-**	-	**-**	-
N400,001 - N1,550,000	**10**	10	**6**	7
N1,550,001 - N5,000,000	**1**	1	**-**	-
N5,000,000 - N8,000,000	**-**	-	**1**	1
N8,000,001 - N11,000,000	**1**	1	**1**	1
	12	**12**	**8**	**9**

	Group		Company	
	31 March 2021 Number	31 December 2020 Number	31 March 2021 Number	31 December 2020 Number
51.2 Employees				
51.2.1 The average number of persons employed by the Group during the perid was as follows:				
Managerial	**15**	**15**	**13**	13
Senior staff	**32**	**32**	**27**	27
Junior staff	**305**	**305**	**270**	270
	352	352	**310**	310

51.2.2 The number of employess of the Group, other than directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits) were as follows:

N	N	Group 31 March 2021 Number	Group 31 December 2020 Number	Company 31 March 2021 Number	Company 31 December 2020 Number
250,001	370,000	**124**	124	109	109
370,001	420,000	**98**	98	93	93
430,001	580,000	**52**	52	48	48
580,001	700,000	**19**	19	19	19
700,001	750,000	**13**	13	9	9
840,001	850,000	**13**	13	11	11
1,000,001	1,100,000	**13**	13	7	7
1,100,001	1,150,000	**5**	5	4	4
1,200,001	1,400,000	**4**	4	3	3
1,500,000	1,550,000	**4**	4	3	3
1,650,000	2,050,000	**7**	7	4	4
		352	**352**	**310**	**310**

52. Reclassification of comparative figures

Certain comparative figures in these financial statements have been restated to give a more meaningful comparison.

53. Events after the reporting date

No event or transaction has occurred since the reporting date, which would have had a material effect on the financial statements as at that date or which needs to be mentioned in the financial statement in the interests of fair presentation of the Group's financial position as at the reporting date or its result for the year then ended.

54. Financial commitments

The Directors are of the opinion that all known commitments and liabilities, which are relevant in assessing the state of affairs of the group have been take into consideration in the preparation of these financial statements.

55. Contingent assets/(liabilities)

The Group is not subject to any claim and other liabilities nor assets arising in the normal course of the business for the period ended 31 March 2021 (31 December 2020: Nil).

56. Related party transactions

The Group is controlled by C&I Leasing Plc, whose share are widely held. The parent company is a finance company.

A number of transactions are entered into with related parties in the normal course of business. These include loans and borrowings.

The volumes of related-party transactions, outstanding balances at the perod-end, and related expense and income for the year are as follows:

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

57.1 Loans and advances to related parties

The company granted various loans to other companies that have common directors with the company and those that are members of the group. The rates and terms agreed are comparable to other facilities being held in the company's portfolio.

The loans to subsidiaries are non-collaterised loans and advances at below market rates at 10%. These loans have been eliminated on consolidation and do not form part of the reported Group loans and advances.

58. Segment reporting

58.1 Segment results of operations

The segment information provided to the Group management committee for the reportable segments for the period ended 31 March 2021:

	Fleet management N'000	Personnel outsourcing N'000	Marine services N'000	Citrack N'000	Total N'000
Gross earnings	**967,072**	**251,676**	**2,020,092**	**35,906**	**3,274,746**
Operating income	**798,873**	203,477	1,387,121	34,830	2,424,301
Operating expenses	**(445,856)**	-	(1,037,541)	(19,852)	(1,503,249)
Depreciation	**(254,815)**	(1,517)	(255,568)	(157)	(512,058)
Personnel expense	**(50,954)**	(45,317)	(151,212)	(7,829)	(255,312)
Administrative expenses	**(32,823)**	(30,947)	(35,185)	(3,702)	(102,657)
Profit before taxation	**14,425**	**125,695**	**(92,386)**	**3,289**	**51,024**
Total assets employed	**2,151,678**	**1,183,423**	**18,117,132**	**64,550**	21,516,783
Interest Expense	**168,199**	**48,199**	**632,971**	**1,076**	850,445
Earnings Before Interest and Tax	**182,624**	**173,894**	**540,585**	**4,366**	901,470
ROCE (EBIT/Total Asset)	**8%**	**15%**	**3%**	**7%**	**4%**

58.2 Geographical information

	31 March 2021 N'000	31 March 2020 N'000
1. Revenue		
Nigeria	**3,274,746**	**4,875,755**
Ghana	**846,740**	**1,013,741**
United Arab Emirates	**424,195**	**437,724**
	4,545,680	6,327,221

	31 March 2021 N'000	31 December 2020 N'000
2. Total assets		
Nigeria	**46,007,132**	44,577,015
Ghana	**4,245,352**	4,053,023
United Arab Emirates	**6,580,057**	7,407,131
	56,832,541	56,037,169

59. Complaince with regulations

C&I LEASING PLC
RC: 161070

Leasing House, 2 C&I Leasing Drive,
Off Bisola Durosinmi Etti Drive,
Off Admiralty Way, Lekki Phase 1, Lagos

info@c-ileasing.com
www.c-ileasing.com
+234 903 886 9179-88

CERTIFICATION OF THE UNAUDITED FIRST QUARTER (3) MONTHS 2021 RETURNS IN PURSUANT OF S.60 (2) OF ISA ACT 2007

We the undersigned, hereby certify that:

(a) We have reviewed the above-mentioned reports;

(b) Based on our knowledge, the report does not contain

i. any untrue statement of a material fact, or
ii. omit to state a material fact, which would make the statement, misleading in the light of the circumstances under which report was prepared;

(c) base on our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operations of the company as of, and for the periods presented in the report.

(d) The signing officers:

i. are responsible for establishing and maintaining internal controls.
ii. have designed such internal controls to ensure that material information relating to the company and its consolidated subsidiaries is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
iii. have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report;
iv. have presented in the report their conclusions about the effectiveness of their internal controls based on their evaluation as of that date;

(e) The signing officers have disclosed to the Auditors of the company and audit committee:

i. all significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's Auditors any material weakness in internal controls, and
ii. any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls.

LEASING PLC
RC: 161070

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

Yours faithfully,
For: C & I Leasing Plc

ALEXANDER MBAKOGU
Executive Director / CFO

ANDREW OTIKE-ODIBI
Managing Director

CERTIFIED TRUE COPY
NOTARY PUBLIC OF NIGERIA
G. MBANUGO UDENZE
MBANUGO UDENZE & CO
Barristers, Solicitors & Notary Public
9B Olatunji Moore Street,
Off TF Kuboye Road, Lekki Phase 1, Lagos