



UNITED CAPITAL PLC

**AUDITED CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Table of Contents

Corporate Information	1
Corporate Governance	2
Directors' Report	4
Statement of Directors' Responsibilities	9
Report of the Statutory Audit Committee	10
Operational Risk	12
Legal and Regulatory Risk	14
Independent Auditor's Report	15
Consolidated Statement of Profit or Loss and Other Comprehensive Income	20
Consolidated Statement of Financial Position	21
Consolidated Statement of Changes in Equity	22
Consolidated Statement of Cash Flows	23
Notes to the Financial Statements	24
Value Added Statement	78
5-Year Financial Summary	79

CORPORATE INFORMATION**DIRECTORS:**

Chika Mordi	Chairman (Non Executive Director)
Peter Ashade	Group Chief Executive Officer
Sunny Anene	Group Executive Director
Adim Jibunoh	Non Executive Director (Retired 31 December 2021)
Emmanuel N. Nnorom	Non Executive Director
Sonny Iroche	Independent Non Executive Director
Sir Stephen Nwadiuko	Independent Non Executive Director
Dipo Fatokun	Independent Non Executive Director
Hajiya Sutura Aisha Bello	Independent Non-Executive Director
Tokunbo Ajayi	Non-Executive Director (Appointed 1 April 2021)
Leke Ogunlewe	Non-Executive Director (Appointed 29 October 2021)

EXECUTIVE MANAGEMENT:

Peter Ashade	Group Chief Executive Officer
Sunny Anene	Group Executive Director
Gbadebo Adenrele	Managing Director, United Capital Investment Banking (Appointed 1 December 2021)
Bawo Oritshajafar	Managing Director, United Capital Securities Limited
Odiri Oginni	Managing Director, United Capital Asset Management Limited
Buky Ikeotuonye	Managing Director, United Capital Trustees Limited (Appointed 1 April 2021)
Shedrack Onakpoma	Group Chief Finance Officer
Leo Okafor	Group Company Secretary/General Counsel

RC No. RC444999

FRC No. FRC/2013/00000000001976

REGISTERED OFFICE: 3rd & 4th Floor
Afriland Towers,
97/105 Broad Street,
Lagos Island,
Lagos, Nigeria

BANKERS United Bank for Africa Plc
57, Marina,
Lagos Island,
Lagos.

AUDITORS: PwC Nigeria
5B Water Coporation Road
Landmark Towers, Victoria Island
Lagos, Nigeria

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group for the year ended December 31, 2021.

1 LEGAL FORM

United Capital Plc ("**UCAP**") was incorporated in Nigeria as a Limited Liability Company on March 14, 2002 under the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004. It became a public company and was listed on the Nigerian Stock Exchange in January 2013 after a successful spin-off from United Bank for Africa Plc, a commercial bank in Nigeria. United Capital Plc is the first Investment Bank in Nigeria to be listed on the Nigerian Stock Exchange. UCAP is a holding company with four subsidiaries namely United Capital Trustees Limited, United Capital Asset Management Limited, United Capital Securities Limited and UC Plus Advance Limited. Its areas of business include investment banking, asset management, trusteeship, securities trading and consumer finance.

2 PRINCIPAL ACTIVITIES

UCAP is engaged in the business of investment banking and provides issuing house, corporate investment advisory services, project finance, debt restructuring, mergers & acquisitions and debt capital markets. Through its subsidiaries, it provides additional services such as trusteeship, asset management, wealth management, securities trading consumer finance and insurance.

RESULTS

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Gross Earnings	18,065,183	12,873,897	8,238,600	7,560,671
Profit before tax	12,124,014	7,947,670	6,791,196	5,827,070
Taxation	(658,863)	(136,492)	(67,805)	(240,006)
Profit for the period	11,465,151	7,811,178	6,723,391	5,587,064
Other comprehensive (loss)/income	(938,423)	29,462	62,525	4,485
Total comprehensive income	10,526,728	7,840,640	6,785,915	5,591,549
Total comprehensive income attributable to Equity holders of the Company	10,526,728	7,840,640	6,785,915	5,591,549
Earnings per share	188	130	112	93

3 DIVIDEND

In respect of the FY 2021, the Directors propose that a dividend of N1.50 kobo per ordinary share of 50kobo each, amounting to N9billion, be paid to shareholders upon approval at the Annual General Meeting. The proposed dividend is subject to withholding tax at the appropriate tax rate and is payable to shareholders whose names appear on the Register of Members at the close of business on March 9, 2022.

4 BUSINESS REVIEW AND FUTURE DEVELOPMENT

UCAP carries out its activities in accordance with its Memorandum and Articles of Association. A comprehensive review of the business for the period and the prospects for the ensuing period is contained in the Group Chief Executive's report.

5 CHANGES ON THE BOARD**Appointments**

During the financial year ended December 31, 2021 two new Non-Executive Directors were appointed; Ms. Tokunbo Ajayi and Mr. Oluleke Ogunlewe to further strengthen the Board. Their appointments have been approved by the Securities & Exchange Commission and they will be presented at this AGM for approval by the Shareholders.

Profile of Ms. Tokunbo Ajayi

Tokunbo Ajayi was the Managing Director, United Capital Trustees Limited until April 2021. She had over 30 years' experience in trusteeship services and brought her experience to bear in the leadership of the business. Tokunbo qualified as a Barrister & Solicitor of the Supreme Court of Nigeria in 1986 after a Bachelor of Law Degree from University of Ife, Ile-Ife in 1985. Prior to joining the UBA group in 1989, she was in private Legal Practice. She is a very experienced trustee and a member of the Nigerian Bar Association, International Federation of Women Lawyers (FIDA) Nigeria, the Business Recovery & Insolvency Practitioners Association of Nigeria (BRIPAN), Institute of Directors (IoD) Nigeria, Nigerian Institute of Management and the British Council.

In 2014, she was awarded the Business Excellence Award by the African International Business Forum in United Kingdom as well as the African Entrepreneurship Award in 2018 by the Voice Achievers Awards in the Netherlands. She is an Alumnus of Phillips Consulting, South Africa Senior Management Programme and the Columbia Business School High Impact Leadership Programme.

DIRECTORS' REPORT**Profile of Mr. Oluleke Ogunlewe**

Mr. Oluleke Ogunlewe ("Leke") holds a Bachelor of Science degree in Economics from the University of Ibadan and an MBA University of Lagos, respectively. Leke is one of Nigeria's most experienced and leading bankers with exposure and leadership in Banking Operations, Corporate and Investment Banking, Energy Banking, Retail/Commercial Banking, Capital Markets, Project Finance as well as Financial Advisory Services.

Leke With over 37 years in banking which cut across several financial institutions such as NAL Merchant Bank Plc (Sterling Bank Plc), City Trust Merchant Bank Limited (Union Bank), Manufacturers Merchant Bank Limited (Fidelity Bank Plc), Royal Merchant Bank Limited, United Bank for Africa Plc and Standard Chartered Bank Limited. Leke retired as Head of Global Banking (MD) and Executive Director, Corporate and Institutional Banking for Standard Chartered Bank with responsibility for Financial Markets/Treasury, Financial Institutions, International Corporates, Corporate Finance and Transaction Banking. He was appointed a Director in United Capital Plc on October 29, 2021.

Retirement

During the financial year ended December 31, 2021 Mr. Adim Jibunoh, a Non-Executive Director retired after eight (8) years on the Board. His retirement has since been communicated to the Securities & Exchange Commission and the Nigerian Exchange Limited.

6 DIRECTORS RETIRING BY ROTATION

In accordance with Section 285 of the Companies and Allied Matters Act, 2020 the following Directors are retiring by rotation and have offered themselves for re-election:

- 6.1 Professor Chika Mordi; and
6.2 Emmanuel Nnorom

The profile of the retiring Directors are available on page - of the annual reports.

7 DIRECTORS INTERESTS

The interest of the Directors in the issued share capital of the company are recorded in the Register of Director' shareholding as of December 31, 2021 as follows:

S/N	NAMES OF DIRECTORS	31-Dec-21	31-Dec-21	31-Dec-20	31-Dec-20
		DIRECT	INDIRECT	DIRECT	INDIRECT
1	Chika Mordi	12,363	Nil	12,363	Nil
2	Adim Jibunoh	Nil	Nil	Nil	Nil
3	Emmanuel Nnorom	Nil	30,502,000 (Vine Foods)	Nil	26,308,460 (Vine Foods)
4	Sunny Anene	6,000,000	Nil	3,000,000	Nil
5	Dipo Fatokun	Nil	Nil	Nil	Nil
6	Peter Ashade	1,215,456	8,784,544	215,456	3,100,000
7	Stephen Nwadiuko	427,600	Nil	427,600	Nil
8	Sunny Iroche	Nil	Nil	Nil	Nil
9	Sutura Aisha Bello	Nil	Nil	Nil	Nil
10	Tokunbo Ajayi	6,702	Nil	Nil	Nil
11	Leke Ogunlewe	Nil	Nil	Nil	Nil

8 ANALYSIS OF SHAREHOLDING

As of the end of 2021, United Capital's shares were held by 261,056 shareholders as analyzed in the table below:

RANGE ANALYSIS AS AT 31-12-2021							
	Range	No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum.
1	1,000	171,616	65.76	171,616	61,595,618	1.04	61,595,618
1,001	5,000	61,660	23.62	233,321	130,987,218	2.18	192,582,836
5,001	10,000	12,289	4.71	245,610	85,424,743	1.42	278,007,579
10,001	50,000	10,871	4.16	256,481	229,444,668	3.82	507,452,247
50,001	100,000	1,842	0.71	258,323	131,998,669	2.2	639,450,916
100,001	500,000	1,965	0.75	260,288	415,242,786	6.92	1,054,693,702
500,001	1,000,000	351	0.13	260,639	255,657,068	4.26	1,310,350,770
1,000,000	999,999,999,999	417	0.16	261,056	4,689,649,230	78.16	6,000,000,000
Grand Total		261,011	100%		6,000,000,000	100%	

DIRECTORS' REPORT**8.1 SHARE CAPITAL HISTORY**

Period	Authorised unit of shares (million)		Issued and paid (N'm)		Type
	Increase	Cumulative	Increase	Cumulative	
2020	300,000,000	300,000,000	300,000,000	300,000,000	Initial capital
2006	1,700,000,000	2,000,000,000	1,700,000,000	2,000,000,000	Increase
2013	1,000,000,000	3,000,000,000	1,000,000,000	3,000,000,000	Right issue

8.2 SUBSTANTIAL INTEREST IN SHARES (10% and above)

As of the end of December 31, 2021, the shareholders with 5% and above are shown in the table below:

SHAREHOLDERS	SHAREHOLDING	% HOLDING
West Coast Equity Limited	1,560,000,000	26%

8.3 SUMMARY OF DEALING IN UCAP SHARES AS AT DECEMBER 31, 2021

QUARTER	DAILY AVERAGE	TOTAL
MARCH QUARTER	650,070,000	6,022,242.00
JUNE QUARTER	282,110,000	4,781,519.00
SEPTEMBER QUARTER	331,070,000	5,172,921.00
DECEMBER QUARTER	267,530,000	4,280,705.00

9 DIRECTOR'S REMUNERATION

United Capital ensures that remuneration paid to its Directors complies with the provisions of the Code of Corporate Governance issued by its regulators. Therefore, in compliance with section 34 (5) (f) of the SEC Code of Corporate Governance for Public Companies, the Company makes disclosures of the remuneration paid to its Directors.

Package	Type	Description	Period
Basic Salary	Fixed	This is part of the gross salary package for Executive Directors only	Paid monthly during the financial year
13 th Month Salary	Fixed	This is part of the gross salary package for Executive Directors only	Paid in the last month of the year.
Directors Fees	Fixed	This is paid quarterly to Non-Executive Directors only	Paid Quarterly
Sitting Allowance	Fixed	This is paid only to Non-Executive Directors	Paid after each meeting
Medical	Fixed	This is paid only to Non-Executive Directors	One-off payment

10 ACQUISITION OF OWN SHARES

The Company did not purchase its own shares during the period.

11 PROPERTY, PLANT AND EQUIPMENT

In the opinion of the Directors, the market value of the company's properties is not less than the value shown in the financial statement.

DIRECTORS' REPORT**12 EMPLOYMENT AND EMPLOYEES*****Employment of Physically Challenged Persons***

The Company operates a non-discriminatory policy in the consideration of applications for employment including those received from physically challenged persons. The Company's policy is that the most qualified persons are recruited for the appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

Health, Safety at Work and Welfare of Employees

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Company provides medical facilities to its employees and their immediate families at its expense.

Employee Involvement and Training

The Company encourages participation of its employees in arriving at decisions in respect of matters affecting their wellbeing. Towards this end, the Company provides opportunities where employees deliberate on issues affecting the company and the employee's interest, with a view to making inputs to decisions thereon. The Company places a high premium on the development of its manpower.

Research and Development

The Company also on a continuous basis carries out research into new financial service products and services.

13 EVALUATION**13.1 Board Evaluation**

A Board evaluation was undertaken in 2021 by Angela Aneke & Associates. The performance of the Board, Board Committees and individual directors were adjudged satisfactory and necessary feedback were communicated to individual directors arising from the exercise.

13.2 Corporate Governance Evaluation

An evaluation of the Corporate Governance practice of the Company was also undertaken by Deloitte & Touche and the performance of the Company was adjudged satisfactory. The Board resolved to sustain its performance and to surpass it in subsequent years.

14 COMPLIANCE***Securities Trading Policy***

In compliance with the Rules of the Nigerian Stock Exchange, we have put in place a Securities Trading Policy to guide Directors, Employees, External Advisers and related parties on trading in the securities of the company during the closed period. Under this policy the closed period is when no Director, Employee and Related Party with inside information can trade in the securities of the company. The closed period is 15 days prior to the date of any meeting of the Board of Directors proposed to be held to consider any of the matters or the date of circulation of agenda papers pertaining to any of the said matters (whichever is earlier), up to 24 hours after the price sensitive information is submitted to the Exchange, the trading window shall thereafter be opened:

- 1 Declaration of financial results (quarterly, half-yearly and annual).
- 2 Declaration of dividends (interim and final).
- 3 Issue of securities by way of public offer or bonus etc.
- 4 Any major expansion plans or winning of bid or execution of new projects, disposal of the whole or a substantial part of the undertaking.
- 5 Any changes in policies, plans or other operations of the company that are likely to materially affect the prices of the securities of the company.
- 6 Disruption of operations due to natural calamities.
- 7 Litigation or dispute with a material impact.
- 8 Any information which if disclosed in the opinion of the person discharging the same is likely to materially affect the price of the securities of the company.

We hereby confirm that no Director traded in the securities of the company within the closed period.

DIRECTORS' REPORT***Nigerian Code of Corporate Governance for Public Companies in Nigeria***

The Company has complied with the Nigerian Code of Corporate Governance 2018.

Complaint Management Framework

The Company has a Complaint Management Framework in place which has been uploaded on its website.

Company's Remuneration Policy

The Company confirms that it has a Remuneration Policy for Directors and for Employees.

Whistle Blowing Policy

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

15 POST-BALANCE SHEET EVENTS

There are no post balance sheet events which could have had a material effect on the financial statement as of December 31, 2021.

16 AUDITORS

The external Auditors, Messrs. Pricewaterhousecoopers has confirmed their willingness to continue in office in accordance with the Companies and Allied Matters Act, 2020. A resolution will be proposed at the Annual General Meeting to authorize the Directors to determine their remuneration.

BY THE ORDER OF THE BOARD

LEO OKAFOR FCIS, KSJI
Group Company Secretary
FRC/2013/NBA/00000002520

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors of **United Capital Plc** are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group and Company as at 31 December 2021, and the results of its operations, cash flows and changes in equity for the period ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act and the Investments and Securities Act.

In preparing the consolidated and separate financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- maintaining adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company, and which enable them to ensure that the financial statements of the Group and Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and
- preventing and detecting fraud and other irregularities.

Going Concern:

The Directors have made an assessment of the Group's and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not remain a going concern for at least twelve months from the date of this financial statements.

The consolidated and separate financial statements of the Group and Company for the year ended 31 December 2021 have been authorised for issue and were approved by the Board of Directors on 17 February 2022.

On behalf of the Directors of the Group



Chika Mordi

Chairman

FRC/2014/IODN/00000006667



Peter Ashade

Group Chief Executive Officer

FRC/2013/NBA/00000002719

Report of the Statutory Audit Committee*For the year ended December 31, 2021*

To the members of United Capital Plc

In the course of the financial year 2021, the Statutory Audit Committee of United Capital Plc met four times as illustrated in the table below and all members were present.

Names	Meetings Held			
	16/02/2021	16/04/2021	29/07/2021	14/10/2021
Mr. Paul Olele	✓	✓	✓	✓
Pastor Alex Adio	✓	✓	✓	✓
Mrs. Faith George Usman	✓	✓	✓	✓
Mr. Dipo Fatokun	✓	✓	✓	✓
Sir. Stephen Nwadiuko	✓	✓	✓	✓

Therefore, in accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act 2020 ("**the Act**"), we, the members of the Audit Committee of United Capital Plc, having performed our statutory obligations under the Act, hereby report that:

1. The accounting and reporting policies of the Company for the year ended December 31, 2021 are consistent with legal requirements and ethical practices.
2. The internal audit programs are extensive and provide a satisfactory evaluation of the efficiency of the internal control systems.
3. The scope and planning of the statutory independent audit for the year ended December 31, 2021 are satisfactory; and
4. We have considered the independent auditors' post-audit report and Management responses thereon and are satisfied with the responses to our questions as well as the state of affairs at United Capital Plc.


Paul Olele

FRC/2014/CISN/00000009273

Dated February 16, 2022

Members of the Statutory Audit Committee

- | | | |
|----|-------------------------|----------|
| 1. | Mr. Paul Olele | Chairman |
| 2. | Pastor Alex Adio | Member |
| 3. | Mrs. Faith George-Usman | Member |
| 4. | Mr. Dipo Fatokun | Member |
| 5. | Sir. Stephen Nwadiuko | Member |

OPERATIONAL RISK MANAGEMENT

1 Operational Risk Management

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events.

Operational risk is inherent in each of the Group's businesses and support activities. Operational risk can manifest itself in various ways, including errors, fraudulent acts, business interruptions, inappropriate behaviour of employees, or vendors that do not perform in accordance with their arrangements. These events could result in financial losses, including litigation and regulatory fines, as well as other damage to the Group, including reputational harm.

To monitor and control operational risk, the Group maintains an overall framework that includes strong oversight and governance, comprehensive policies and processes, consistent practices across the lines of business, and enterprise risk management tools intended to provide a sound and well controlled operational environment. The framework includes:

- Ownership of the risk by the businesses and functional areas
- Monitoring and validation by internal control officers
- Oversight by independent risk management
- Independent review by Internal Audit

The goal is to keep operational risk at appropriate levels, in light of the Group's financial strength, the characteristics of its businesses, the markets in which it operates, and the competitive and regulatory environment to which it is subject.

In order to strengthen focus on the Group's control environment and drive consistent practices across businesses and functional areas, the Group established a group shared service operational platform in 2021. Critical to the effectiveness, efficiency and stability of this operating environment is the deployment and implementation of suitable technology leveraging an Enterprise Resource Platform. In addition, the Group has invested in the development of business continuity plans, systems and capabilities to ensure resilience and stability of our business operations in the face of unforeseen disruptions.

The Group's approach to operational risk management is intended to identify potential issues and mitigate losses by supplementing traditional control-based approaches to operational risk with risk measures, tools and disciplines that are risk-specific, consistently applied and utilized group-wide. Key themes are transparency of information, escalation of key issues and accountability for issue resolution. The Group has a process for monitoring operational risk event data, which permits analysis of errors and losses as well as trends. Such analysis, performed both at a line of business level and by risk-event type, enables identification of the causes associated with risk events faced by the businesses.

Internal Audit utilizes a risk-based program of audit coverage to provide an independent assessment of the design and effectiveness of key controls over the Group's operations, regulatory compliance and reporting. This includes reviewing the operational risk framework, the effectiveness of the internal control environment, and the loss data-collection and reporting activities.

Business and Strategic risks are governed by the group executive committee - which is ultimately responsible for managing the costs and revenues of the Group, and the board.

2 Financial crime control

Financial crime includes fraud, money laundering, violent crime and misconduct by staff, customers, suppliers, business partners, stakeholders and third parties. The Group will not condone any instance of financial crime and where these instances arise, the Group takes timely and appropriate remedial action.

OPERATIONAL RISK MANAGEMENT

Financial crime control is defined as the prevention and detection of, and response to, all financial crime in order to mitigate economic loss, reputational risk and regulatory sanction. This function is anchored by the Group's compliance, operations, internal control and internal audit functions.

3 Reputational Risk

Reputational risk results from damage to the Group's image which may impair its ability to retain and generate business. Such damage may result in a breakdown of trust, confidence or business relationships.

Safeguarding the Group's reputation is of utmost importance. Each business line, legal entity or support function executive is responsible for identifying, assessing and determining all reputational risks that may arise within their respective areas of business. The impact of such risks is considered alongside financial or other impacts.

Matters identified as a reputational risk to the Group are reported to the group chief executive officer and head, audit and business assurance; if required, the matter will be escalated to group executive committee.

Should a risk event occur, the Group's crisis management processes are designed to minimize the reputational impact of the event. This includes ensuring that the Group's perspective is fairly represented.

4 Capital Management

The Group's capital management approach is driven by its strategic 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. Capital management practices are designed to ensure that the group and its legal entities are capitalized in line with the risk profile, economic capital needs and target ratios approved by the board. Capital is managed under a seven-year sustainability framework which ensures the adequacy of regulatory capital despite seven consecutive years of allocated economic capital depletion.

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 one capital including ordinary shares, statutory reserve, share premium and general reserve.
- Tier 2 capital: qualifying subordinated loan capital, preference shares, collective impairment allowances, and unrealized gains arising on the fair valuation of equity instruments through OCI.

	2021	2020
	N'000	N'000
Tier 1 capital		
Share capital	3,000,000	3,000,000
Share premium	683,611	683,611
Retained earnings	28,660,538	21,601,800
Total qualifying for Tier 1 capital	32,344,149	25,285,411
Tier 2 capital		
Fair value reserve	(1,797,356)	(858,932)
Other borrowings	79,691,116	72,661,645
Total qualifying for Tier 2 capital	77,893,760	71,802,713
Total regulatory capital	110,237,909	97,088,124

LEGAL AND REGULATORY RISK**(a) Regulatory Provision**

Regulatory risk is the risk arising from a change in regulation in any legal, taxation and accounting pronouncement or specific industry regulations that pertain to the business of the Company and the Group. The Securities Business is subject to the extensive regulation which includes the SEC 2007 Rules and other Guidelines issued by the regulator. Violation of applicable laws or regulations could result in fines, temporary permanent prohibition of the engagement in certain activities, reputational harm and related client termination, suspension of personal or revocation of their licenses, or other sanctions, which could have material adverse effect of the Company's reputation, business, result of operations or financial condition and cause a decline in earnings. In order to actively manage these risks, the Company via its internal control and compliance unit engages in periodic assessments and review ensuring adherence to regulatory provisions at all times.

Regulatory Capital Risk

Regulatory capital risk is the risk that the entities within the United Capital Group will not have sufficient capital to meet either minimum regulatory or internal amount. The Securities and Exchange Commission sets and monitors capital requirement for all Investment, Registrar, Trust and Security Management Companies in Nigeria. The Securities and Exchange Commission prescribes the minimum capital requirement for asset management companies operating within Nigeria at N152m. Trustees business has a minimum capital of N300m Securities Business has a minimum capital base of N300m and Investment banking business has N200m as the minimum capital. As at the reporting date, the minimum capital requirement as set by the regulators have been met and the shareholders' funds are far in excess of the minimum capital requirement.

(b) Legal Risk Assessment

Legal risk is defined as the risk of loss due to defensive contractual arrangement, legal liability (both criminal and Civil) incurred during operations by the inability of the organization to enforce its rights, or by failure to address identified concerns to the appropriate authorities where changes in the law are proposed. The Company manages this risk by monitoring new legislation, creation of awareness of legislation amongst employee, identification of significant legal risks as well as assessing the potential impact of these. Legal risk management in the Company is also being enhanced by appropriate product risk review and management of contractual obligations via well documented Service Level Agreement and other contractual documents. The Company's legal matters are handled by the Company's secretary and legal department.



Independent auditor's report

To the Members of United Capital Plc

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of United Capital Plc (“the company”) and its subsidiaries (together “the group”) as at 31 December 2021, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited

United Capital Plc’s consolidated and separate financial statements comprise:

- the consolidated and separate statements of profit or loss and other comprehensive income for the year ended 31 December 2021;
- the consolidated and separate statements of financial position as at 31 December 2021;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



Key audit matters

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

Key Audit Matter	How our audit addressed the key audit matter
<p><i>Loss allowance on financial assets at amortised cost (refer to notes 2.11 and 16.1)</i></p> <p>The estimation of expected credit losses on financial assets at amortised cost is considered to be a key audit matter because it is significant to the consolidated and separate financial statements and requires a high level of subjective judgement.</p> <p>The gross balance of financial assets at amortised cost as at 31 December 2021 was N 170.84 billion and the associated impairment was N1.80 billion.</p> <p>The measurement of the loss allowance is highly subjective and involves the exercise of significant judgement and the use of complex models and assumptions. The key areas of significant judgement in the calculation of ECL include:</p> <ul style="list-style-type: none"> • determination of default and significant increase in credit risk (SICR); • methodology and assumptions used by management in estimating Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD) which are key parameters in the ECL Model; and • incorporation of macro-economic inputs into the ECL model and the probability weightings applied to them. <p>This is considered a key audit matter in both the consolidated and separate financial statements.</p>	<p>We adopted a substantive approach to the audit of the expected credit loss allowance. Specifically we:</p> <ul style="list-style-type: none"> • checked the reasonableness of management’s definition of default and significant increase in credit risk for compliance in IFRS 9 – Financial instruments; and • inspected contracts, deal slips and evidence of repayment (where applicable) to assess management’s conclusion relating to whether or not there has been a default or SICR. <p>With the assistance of our modelling experts, we:</p> <ul style="list-style-type: none"> • reviewed the IFRS 9 impairment models and calculation tool for reasonableness and compliance with the requirement of the relevant regulatory and reporting standards; • reviewed the PD methodology and computations for reasonableness and accuracy; • assessed the validity of the assumptions used in estimating LGD based on available information for compliance with the requirements of IFRS 9; • reviewed the EAD computations for accuracy and consistency with the provisions of the standard; and • evaluated the appropriateness of forward-looking macro-economic inputs by checking to sources and performing a review of the probability weights to establish that they have been appropriately estimated. <p>We assessed the adequacy of the disclosure in the financial statements in accordance with IFRS 9.</p>



Other information

The directors are responsible for the other information. The other information comprises Corporate Information, Director's Report, Statement of Director's Responsibilities, Report of the Statutory Audit Committee, Operational Risk Management, Legal and Regulatory risk, Value Added Statement and 5-year Financial Summary (but does not include the consolidated and separate financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the United Capital Plc 2021 Annual Report, which are expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other sections of the United Capital Plc 2021 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks,



and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



Report on other legal and regulatory requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
 - iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and return
-


For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Chidi Ojechi
FRC/2017/ICAN/00000015955



18 February 2022

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Year Ended 31 December 2021**

	Notes	Group		Company	
		31 December 2021 =N=' 000	31 December 2020 =N=' 000	31 December 2021 =N=' 000	31 December 2020 =N=' 000
Gross Earnings		18,065,183	12,873,897	8,238,600	7,560,671
Investment income	4	8,900,513	8,261,668	1,555,507	2,536,114
Fee and commission income	5	6,159,572	3,471,398	1,362,743	901,788
Net trading income	6	1,181,877	753,226	189,863	396,284
Net operating income		16,241,962	12,486,292	3,108,113	3,834,186
Other income	7	1,585,936	397,972	187,170	66,852
Dividend income from subsidiaries		-	-	4,828,500	3,670,000
Net gain/(loss) on financial assets at fair value through profit or loss	8	237,285	(10,367)	114,816	(10,367)
Total Revenue		18,065,183	12,873,897	8,238,600	7,560,671
Personnel expenses	9	(1,588,410)	(1,351,050)	(262,727)	(319,186)
Other operating expenses	10	(3,603,031)	(2,616,760)	(778,977)	(719,903)
Depreciation of properties and equipment	11	(204,408)	(202,220)	(171,513)	(167,659)
Amortisation of intangible & right of use assets	11	(91,871)	(84,305)	(87,032)	(82,285)
Impairment for credit losses	12	(453,451)	(671,892)	(147,155)	(444,568)
Total Expenses		(5,941,169)	(4,926,227)	(1,447,404)	(1,733,601)
Operating profit before income tax		12,124,014	7,947,670	6,791,196	5,827,070
Share of accumulated (loss)/profit of associates	22	(206,413)	-	-	-
Profit before income tax		11,917,601	7,947,670	6,791,196	5,827,070
Taxation	13	(658,863)	(136,492)	(67,805)	(240,006)
Profit for the year		11,258,738	7,811,178	6,723,391	5,587,064
Other comprehensive income, net of income tax					
Items that will not be reclassified subsequently to profit or loss					
Fair value (loss)/gain on investments in equity instruments measured at FVTOCI (net of tax)	32.1	11,839	424,311	-	-
Items that may be reclassified subsequently to profit or loss					
Fair value (loss)/gain on investments in debt instruments measured at FVTOCI (net of tax)	32.2	(950,262)	(394,848)	62,525	4,485
Share of other comprehensive income of associates	22	-	-	-	-
Other comprehensive income/(loss) for the year, net of taxes		(938,423)	29,462	62,525	4,485
Total comprehensive income for the year		10,320,315	7,840,640	6,785,915	5,591,549
Profit for the year attributable to:					
Equity holders of the Company		11,258,738	7,811,178	6,723,391	5,587,064
Total comprehensive income attributable to:					
Equity holders of the Company		10,320,315	7,840,640	6,785,915	5,591,549
Earnings per share-basic (kobo)	14	188	130	112	93
Earnings per share-diluted (kobo)	14	188	130	112	93

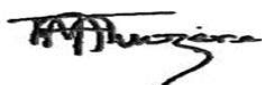
The accompanying notes form an integral part of these financial statements.

**Consolidated & Separate Statement of Financial Position
As at 31 December 2021**

	Notes	Group		Company	
		31 December	31 December	31 December	31 December
		2021 =N=' 000	2020 =N=' 000	2021 =N=' 000	2020 =N=' 000
ASSETS					
Cash and cash equivalents	15	53,661,848	43,420,443	6,951,413	12,196,469
Investment securities	16	363,647,252	145,148,841	58,599,896	40,456,026
Trade and other receivables	17	30,919,246	28,472,742	29,889,598	27,476,909
Dividend receivable from subsidiaries	18	-	-	4,828,500	3,670,000
Right of use assets	19	212,819	283,694	212,819	283,694
Intangible assets	20	78,595	42,015	68,151	39,032
Investments in subsidiaries	21	-	-	901,000	901,000
Investments in associates	22	4,293,587	4,500,000	4,500,000	4,500,000
Property and equipment	23	471,852	565,824	414,185	487,457
Deferred tax assets	24	312,755	314,736	-	-
TOTAL ASSETS		453,597,954	222,748,295	106,365,562	90,010,587
LIABILITIES					
Managed funds	25	327,249,024	116,019,077	-	-
Borrowed funds	26	79,691,116	72,661,645	83,717,908	72,432,512
Other liabilities	27	14,225,310	7,683,308	5,139,989	2,261,913
Current tax liabilities	28	1,803,211	1,830,812	649,566	1,012,778
Deferred tax liabilities	24	82,500	126,974	82,500	113,701
TOTAL LIABILITIES		423,051,161	198,321,816	89,589,963	75,820,904
SHAREHOLDERS FUND					
Share capital	29	3,000,000	3,000,000	3,000,000	3,000,000
Share premium	30	683,611	683,611	683,611	683,611
Retained earnings	31	28,660,538	21,601,800	12,958,286	10,434,895
Fair value reserves	32	(1,797,356)	(858,932)	133,702	71,177
TOTAL SHAREHOLDERS FUND		30,546,793	24,426,479	16,775,599	14,189,683
TOTAL LIABILITIES AND SHAREHOLDERS FUND		453,597,954	222,748,295	106,365,562	90,010,587

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

The financial statements were approved by the Board of Directors on 17th February 2022 and signed on its behalf by:



CHIKA MORDI
(Chairman)
FRC/2014/IODN/00000006667



PETER ASHADE
(Group Chief Executive Officer)
FRC/2013/ICAN/00000002719



SHEDRACK ONAKPOMA
(Group Chief Finance Officer)
FRC/2013/ICAN/00000001643

**Consolidated Statement of Changes in Equity
As at 31 December 2021****2021
Group**

	Share capital =N=' 000	Retained earnings =N=' 000	Share premium =N=' 000	Fair value reserves =N=' 000	Shareholders' funds =N=' 000
At 1 January 2021	3,000,000	21,601,800	683,611	(858,932)	24,426,479
Transfer from profit or loss account	-	11,258,738	-	-	11,258,738
Net change in fair value on equity instruments at FVTOCI	-	-	-	11,839	11,839
Net change in fair value on debt instruments at FVTOCI	-	-	-	(950,263)	(950,263)
Share of other comprehensive income of associates	-	-	-	-	-
Total comprehensive income/(loss)	-	11,258,738	-	(938,424)	10,320,314
Transactions with owners in their capacity as owners					
Dividend paid	-	(4,200,000)	-	-	(4,200,000)
As at 31 December 2021	3,000,000	28,660,537	683,611	(1,797,355)	30,546,793

Company**At 1 January 2021**

	3,000,000	10,434,895	683,611	71,177	14,189,683
Transfer from profit or loss account	-	6,723,391	-	-	6,723,391
Net change in fair value on debt instruments at FVTOCI	-	-	-	62,525	62,525
Share of other comprehensive income of associates	-	-	-	-	-
Total comprehensive income	-	6,723,391	-	62,525	6,785,915

Transactions with owners in their capacity as owners

Dividend paid	-	(4,200,000)	-	-	(4,200,000)
As at 31 December 2021	3,000,000	12,958,287	683,611	133,702	16,775,598

**2020
Group**

	Share capital =N=' 000	Retained earnings =N=' 000	Share premium =N=' 000	Fair value reserves =N=' 000	Shareholders' funds =N=' 000
At 1 January 2020	3,000,000	16,790,622	683,611	(888,394)	19,585,839
Transfer from profit or loss account	-	7,811,178	-	-	7,811,178
Net change in fair value on equity instruments at FVTOCI	-	-	-	424,310	424,310
Net change in fair value on debt instruments at FVTOCI	-	-	-	(394,848)	(394,848)
Total comprehensive income	-	7,811,178	-	29,462	7,840,640
Transactions with owners in their capacity as owners					
Dividend paid	-	(3,000,000)	-	-	(3,000,000)
At 31 December 2020	3,000,000	21,601,800	683,611	(858,932)	24,426,479

Company**At 1 January 2020**

	3,000,000	7,847,831	683,611	66,692	11,598,134
Transfer from profit or loss account	-	5,587,064	-	-	5,587,064
Net change in fair value on debt instruments at FVTOCI	-	-	-	4,485	4,485
Total comprehensive income	-	5,587,064	-	4,485	5,591,549

Transactions with owners in their capacity as owners

Dividend paid	-	(3,000,000)	-	-	(3,000,000)
At 31 December 2020	3,000,000	10,434,895	683,611	71,177	14,189,683

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

CONSOLIDATED STATEMENT OF CASH FLOWS
As at 31 December 2021

	Group		Company	
	31 December 2021 N' 000	31 December 2020 N' 000	31 December 2021 N' 000	31 December 2020 N' 000
Profit before tax	12,124,014	7,947,670	6,791,196	5,827,070
Adjustments for:				
Amortisation of Intangibles	11 20,996	13,936	16,157	11,916
Depreciation of property and equipment	11 204,408	202,220	171,513	120,949
Depreciation of right of use	11 70,875	70,369	70,875	70,369
Foreign exchange revaluation	7 (1,366,640)	(5,887)	(157,622)	(5,887)
Gain on disposal of property and equipment	7 (34)	(5,842)	(34)	(5,842)
Net interest income	4 (7,193,943)	(8,261,668)	(1,461,848)	(2,536,114)
Dividend income	4 (1,706,570)	(470,623)	(4,922,159)	(3,640,955)
Fair value changes on financial instruments at fair value through profit or loss	8 (237,285)	(10,367)	(114,816)	(10,367)
Impairment charge (write/back) on other financial assets	12 492,051	722,257	147,155	444,568
	2,407,872	202,065	540,416	275,708
Changes in working capital				
Trade receivables	(2,594,717)	(3,334,023)	(2,572,895)	(3,168,309)
Managed funds	211,229,947	43,639,780	-	-
Other liabilities	6,542,002	2,282,674	2,878,076	48,781
	217,585,104	42,790,497	845,597	(2,843,820)
Cash generated from/(used in) operations				
Interest received	13,376,206	23,735,610	5,950,754	10,200,211
Interest paid	(14,733,433)	(13,385,800)	(2,199,205)	(4,000,644)
Income tax paid	(728,957)	(455,127)	(462,218)	(186,081)
	215,498,920	52,685,180	4,134,928	3,169,665
Net cash generated by/(used in) operating activities				
Cash flows from investing activities				
Purchase of investment securities	(355,171,646)	(74,354,308)	(77,959,265)	(17,705,676)
Disposal of investment securities	153,195,483	24,672,380	65,431,343	12,756,653
Investment in associate	-	(4,500,000)	-	(4,500,000)
Purchase of property and equipment	23 (110,449)	(411,120)	(98,254)	(385,732)
Purchase of right of use assets	19 -	(353,751)	-	(353,751)
Purchase of intangible assets	20 (57,576)	(12,180)	(45,276)	(12,180)
Proceeds from the sale of property and equipment	47 79,516	79,516	47	52,551
Dividends received	4 & 18 1,706,570	470,623	3,763,659	2,490,955
	(200,437,571)	(54,408,840)	(8,907,747)	(7,657,180)
Net cash used in investing activities				
Cash flows from financing activities				
Dividend paid to owners of equity capital	(4,200,000)	(3,000,000)	(4,200,000)	(3,000,000)
Proceeds from borrowings	17,564,403	32,214,440	21,912,107	32,214,440
Repayment of borrowings	(18,184,346)	(14,958,917)	(18,184,346)	(14,955,113)
	(4,819,943)	14,255,523	(472,238)	14,259,327
Net cash (used in)/generated by financing activities				
Net increase/(decrease) in cash and cash equivalents	10,241,405	12,531,863	(5,245,057)	9,771,812
Effect of foreign exchange changes on cash	(42,658)	752,677	(3,561)	23,375
Cash and cash equivalents at beginning of year	43,416,639	30,132,099	12,196,469	2,401,282
	53,615,387	43,416,639	6,947,851	12,196,469
Cash and cash equivalents at end of period				

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**1 Company information**

These financial statements are the consolidated and separate financial statements of United Capital Plc, a Company incorporated in Nigeria and its subsidiaries (hereafter referred to as 'the Group').

United Capital Plc (previously called UBA Capital Plc) was incorporated and domiciled in Nigeria, as a Public liability company, on 3 August, 2012, to act as the ultimate holding company for the United Capital Group. The Company was listed on the Nigerian Stock exchange on 17 January, 2013. The Company changed its name to United Capital Plc following the approval of the resolution by shareholders on the 16th December, 2014.

The principal activities of the Group are mainly the provision of investment banking services, portfolio management services, securities trading and trusteeship.

2 Summary of significant accounting policies

The principal accounting policies adopted by the Group in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Going concern

These financial statements have been prepared on the going concern basis. The Group has no intention or need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the Group due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short term obligations will be refinanced in the normal course of business. Liquidity ratio and continuous evaluation of current ratio of the Group is carried out by the Group to ensure that there are no going concern threats to the operation of the Group.

2.2 Basis of preparation and measurement

The Group's consolidated and separate financial statements for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations as issued by the IASB. Additional information required by national regulations is included where appropriate.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year the assumptions changed. The Directors believe that the underlying assumptions are appropriate and that the Group's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the notes to the financial statements.

2.2.1 Basis of measurement

The Group's consolidated and separate financial statements for the year ended 31 December 2021 have been prepared on the historical cost basis except for the following item in the statement of financial position.

- Financial instruments at fair value through profit or loss are measured at fair value
- Financial instrument at amortised cost are measured at amortised cost
- Financial instruments at fair value through other comprehensive income are measure at fair value through equity

The Group applies accrual accounting for recognition of its income and expenses.

The financial statements are presented and rounded to the nearest thousands of Naira.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**2.2.2 Statement of Compliance**

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria.

The consolidated and separate financial statements comply with the requirement of the International Financial Reporting Standard, Companies and Allied Matters Act, Investment and Securities Act, the Financial Reporting Council Act, to the extent that they are not in conflict with the International Financial Reporting Standards (IFRS).

2.2.2 Use of estimates and judgement

The preparation of the consolidated and separate financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing these consolidated and separate annual financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses.

2.2.3 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the note below;

2.2.4 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2021 is included in the following notes.

Impairment of financial instruments: assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Determination of the fair value of financial instruments with significant unobservable inputs. (note 3.7)

Recognition of deferred tax assets: - availability of future taxable profit against which carry-forward tax losses can be used (see note 24) as well as the likelihood and uncertainties of the extension of the tax exempt status of income on Government securities which we have assumed to be highly likely.

The Group applies accrual accounting for recognition of its income and expenses.

The consolidated and separate financial statements have been prepared on the basis that the Group and Company will continue to operate as a going concern.

2.3 Changes in accounting policies

Except as described below, the Group has consistently applied the accounting policies as set out in note 2.3.1 to all periods presented in these annual financial statements.

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS

2.3.1 New and revised IFRSs/IFRICs affecting amounts reported and/or disclosures in these financial statements

In the current period, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2021.

New or amended standards	Summary of the requirements	Impact on financial statements
IFRS 16 and COVID-19 — Extension of practical expedient	<p>The IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16). The pronouncement amended IFRS 16 Leases to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021.</p> <p>The 2021 amendments are effective for annual reporting periods beginning on or after 1 April 2021. Lessees are permitted to apply it early, including in financial statements not authorised for issue. In effect, it is available to be applied now, subject to any local endorsement requirements.</p> <p>The 2021 amendments are applied retrospectively with the cumulative effect of initially applying it being recognised in opening retained earnings. The disclosure requirements of Paragraph 28(f)1 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors do not apply on initial application.</p>	This amendment is did not have any impact on the Group's financial statements.
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	On 27 August 2020, the IASB issued 'Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021.	This amendment is not expected to have a significant impact on the Group's financial statements.

All other amendment had no significant impact on the Group.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.3.2 Standards issued but not yet effective

The following standards and interpretations had been issued but were not mandatory for the reporting period ended 31 December 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New or amended standards	Summary of the requirements	Possible impact on financial statements
IFRS 17 Insurance Contracts	<p>IFRS 17 was issued in May 2017 as replacement to IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:</p> <ul style="list-style-type: none"> - discounted probability-weighted cash flows - an explicit risk adjustment, and - a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. <p>The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.</p> <p>An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.</p> <p>There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.</p> <p>The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.</p> <p>IFRS 17 is effective for reporting periods beginning on or after 1 January 2022, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.</p>	<p>This standard does not impact the Group as it is not into an insurance business. However, the Company recently participated in the set up of a startup insurance company where it owns a 25% equity stake. The investment would be treated as investment in associates and will not be consolidated.</p>
Classification of Liabilities as Current or Noncurrent (Amendments to IAS 1)	<p>This amendment seeks to clarify the requirements for classifying liabilities as current or non-current. Including the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. Management expectations about events after the balance sheet date, and the situations that are considered settlement of a liability. The amendments will be applied retrospectively.</p> <p>This standard becomes effective 1st January 2023 and early adoption is permitted.</p>	<p>This standard is not expected to have significant impact on the financial statements. The Group has opted not to early adopt.</p>
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	<p>The amendment seeks to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.</p> <p>The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.</p>	<p>This standard is not expected to have significant impact on the financial statements.</p>
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	<p>This amendment seek to address inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments require the full gain to be recognised when the assets transferred meet the definition of a 'business' under IFRS 3 Business Combinations. The amendments will be applied retrospectively. The amendment is not expected to have a significant impact on the annual financial statements.</p> <p>This s effective date of this standard is deferred indefinitely and early adoption is permitted.</p>	<p>This standard is not expected to have significant impact on the financial statements. The Group has opted not to early adopt.</p>
The changes in Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	<p>The amendment specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).</p> <p>The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.</p>	<p>This standard is not expected to have significant impact on the financial statements.</p>

All other amendment had no significant impact on the Group.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**2.4 Consolidation**

The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date. The consolidation principles are unchanged as against the previous year.

2.4.1 Subsidiaries

The consolidated and separate financial statements incorporates the financial statements of the Company and all its subsidiaries where it is determined that there is a capacity to control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Control is assessed on a continuous basis.

All the facts of a particular situation are considered when determining whether control exists. Control is usually 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.

a. Separate financial statements

Investments in subsidiaries are accounted for at cost less accumulated impairment losses (where applicable) in the separate financial statements. The carrying amounts of these investments are reviewed annually for impairment indicators and, where an indicator of impairment exists, are impaired to the higher of the investment's fair value less costs to sell and value in use.

b. Consolidated financial statements

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases. 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.

Inter-company transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. Consistent accounting policies are used throughout the Group for the purposes of consolidation.

i. Acquisition

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred is measured as the sum of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. The consideration includes any asset, liability or equity resulting from a contingent consideration arrangement. The obligation to pay contingent consideration is classified as either a liability or equity based on the terms of the arrangement. The right to a return of previously transferred consideration is classified as an asset. Transaction costs are recognised within profit or loss as and when they are incurred. Where the initial accounting is incomplete by the end of the reporting year in which the business combination occurs (but no later than 12 months since the acquisition date), the Group reports provisional amounts.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Where applicable, the Group adjusts retrospectively the provisional amounts to reflect new information obtained about facts and circumstances that existed at the acquisition date and affected the measurement of the provisional amounts. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any NCI. The excess (shortage) of the sum of the consideration transferred (including contingent consideration), the value of NCI recognised and the acquisition date fair value of any previously held equity interest in the subsidiary over the fair value of identifiable net assets acquired is recorded as goodwill in the statement of financial position (gain on bargain purchase, which is recognised directly in profit or loss). When a business combination occurs in stages, the previously held equity interest is remeasured to fair value at the acquisition date and any resulting gain or loss is recognised in profit or loss.

Increases in the Group's interest in a subsidiary, when the Group already has control, are accounted for as transactions with equity holders of the Group. The difference between the purchase consideration and the Group's proportionate share of the subsidiary's additional net asset value acquired is accounted for directly in equity.

ii. Loss of Control

The Group could lose control of a subsidiary through the disposal of the subsidiary. When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between the fair value of the consideration received (including the fair value of any retained interest in the underlying investee) and the carrying amount of the assets and liabilities and any non-controlling interest. Any gains or losses in OCI that relate to the subsidiary are reclassified to profit or loss at the time of the disposal.

iii. Partial Disposal

Where the Group partially disposes a subsidiary which gives rise to a reduction in the Group's ownership interest in an investee that is not a disposal (i.e. a reduction in the group's interest in a subsidiary whilst retaining control). Decreases in the Group's interest in a subsidiary, where the Group retains control, are accounted for as transactions with equity holders of the Group. Gains or losses on the partial disposal of the Group's interest in a subsidiary are computed as the difference between the sales consideration and the Group's proportionate share of the investee's net asset value disposed of, and are accounted for directly in equity.

iv Initial measurement of Non-Controlling Interest (NCI)

The Group elects on each acquisition to initially measure NCI on the acquisition date at either fair value or at the NCI's proportionate share of the investees' identifiable net assets.

2.4.2 Associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over these policies. Significant influence is generally demonstrated by the Group holding in excess of 20%, but less than 50%, of the voting rights.

The Group's share of results of the associate entity is included in the consolidated income statement. Investments in associates are carried in the statement of financial position at cost plus the Group's share of post-acquisition changes in the net assets of the associate. Investments in associates are reviewed for any indication of impairment at least at each reporting date. The carrying amount of the investment is tested for impairment, where there is an indication that the investment may be impaired.

When the Group's share of losses or other reductions in equity in an associate equals or exceeds the recorded interest, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entity.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The Group's share of the results of associates is based on financial statements made up to a date not earlier than three months before the balance sheet date, adjusted to conform with the accounting policies of the Group. Unrealised gains and losses on transactions are eliminated to the extent of the Group's interest in the investee. Losses may provide evidence of impairment of the asset transferred in which case appropriate allowance is made for impairment.

In the separate financial statements of the Company, investments in associates are initially recognised at cost and subsequently adjusted for by the post-acquisition changes in the investor's share of net assets of the investees. The Group uses the equity method in accounting for investments in associates.

2.5 Common control transactions

A business combination involving entities or businesses under common control is excluded from the scope of IFRS 3: Business Combinations. The exemption is applicable where the combining entities or businesses are controlled by the same party both before and after the combination. Where such transactions occur, the Group, in accordance with IAS 8, uses its judgement in developing and applying an accounting policy that is relevant and reliable. In making this judgement, the Directors consider the requirements of IFRS dealing with similar and related issues and the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the framework. The Directors also consider the most recent pronouncements of other standard setting bodies that use a similar conceptual framework to develop accounting standards, to the extent that these do not conflict with the IFRS Framework or any other IFRS or interpretation.

The Group incorporates the results of the acquired businesses only from the date on which the business combination occurs.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**2.6 Foreign currency translation****(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Naira, which is the Group's presentation and functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

Monetary items denominated in foreign currencies are retranslated at the rate prevailing on the statement of financial position date. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in profit or loss within other income.

Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Translation differences on non-monetary financial instruments held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments measured at fair value through other comprehensive income are included in the fair value reserve in other comprehensive income. Non-monetary items that are measured under the historical cost basis are not retranslated.

2.7 Revenue recognition**(a) Investment income**

Interest income for all interest-bearing financial instruments are recognised within 'investment income' in the income statement using the effective interest on the gross carrying amount of the financial assets. However, when a financial asset is classified as Stage 3 impaired, interest income is calculated on the impaired value (gross carrying value less specific impairment) based on the original effective interest rate.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the Group estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses.

(b) Fees and commission income

Unless included in the effective interest calculation, fees and commissions are recognised on an accruals basis as the service is provided. Fees and commissions not integral to effective interest arising from negotiating, or participating in the negotiation of a transaction from a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised over time based on the applicable service contracts. The same principle is applied to the recognition of income from wealth management, financial planning and custody services that are continuously provided over an extended period of time.

The Group recognises fees and commission from management of mutual funds over time on a monthly basis as fees are accrued as a percentage of net asset value (NAV). Arranger and issuing house services fees are recognised over time as milestones of performance obligations are delivered to clients. Other fees and commission income are recognised at point in time when performance obligation on contracts are delivered to clients as brokerage fees and commission.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**(c) Dividend income**

Dividends are recognised in the income statement as "Dividend income" under investment income when the entity's right to receive payment is established

2.8 Income taxation**(a) Current income tax**

Income tax is calculated on the basis of the applicable tax laws in Nigeria and is recognised as an expense or credit for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity (for example, current tax on equity instruments for which the entity has elected to present gains and losses in other comprehensive income).

(b) Deferred income tax

Deferred income tax is provided 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, the deferred income tax is not accounted for if it 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 or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The tax effects of carry-forwards of unused losses, unused tax credits and other deferred tax assets are recognised when it is probable that future taxable profit will be available against which these losses and other temporary differences can be utilised.

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

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Earnings per share

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Group by the weighted average number of shares outstanding during the period.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair values and are readily convertible to known amount of cash. Cash and cash equivalents includes balances and placements with banks and other short term investments including bank overdrafts. Bank overdrafts are shown separately as current liabilities in the statement of financial position.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**2.11 Financial assets & liabilities****a) Classification and subsequent measurement**

For the purpose of measuring a financial asset after initial recognition, the Group classifies financial assets into the following categories: at fair value through profit or loss; at fair value through other comprehensive income and at amortised cost. For debt financial assets, the classification is based on the results of the Group's business model test and the contractual cashflow characteristics of the financial assets. At initial recognition, all assets are measured at fair value plus transaction costs that are incremental and directly attributable to the acquisition of the financial assets in the case of financial asset not at fair value through profit or loss.

i. Financial assets at fair value through profit or loss

Debt instruments at fair value through profit or loss are financial assets held for trading and those designated by the Group as at fair value through profit or loss upon initial recognition. Financial assets classified as fair value through profit or loss are those that have been acquired principally for the purpose of selling in the short term or repurchasing in the near term, or held as part of a portfolio that is managed together for short-term profit.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in profit or loss and are reported as 'Net gains/(losses) on financial assets classified as fair value through profit or loss'. Interest income and expense and dividend income on financial assets fair valued through profit or loss are included in 'Interest income, interest expense and dividend income', respectively and reported under investment income.

ii. Amortised Cost

Except for debt financial assets that are designated at initial recognition as at fair value through profit or loss, a debt financial asset is measured at amortised cost only if both of the following conditions are met:

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (the business model test) and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flows characteristics test).

If a financial asset satisfies both of these conditions, it is required to be measured at amortised cost unless it is designated as at fair value through profit or loss (FVTPL) on initial recognition.

iii. Fair Value through other comprehensive income (FVTOCI)

Except for debt financial assets that are designated at initial recognition as at fair value through profit or loss, a financial asset is measured at fair value through other comprehensive income (FVTOCI) if both of the following conditions are met:

a. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the business model test); and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flows characteristics test).

This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduces exposure to risk or volatility that are not considered de minimis and are inconsistent with a basis lending arrangement, the financial asset is classified as fair value through profit or loss – default.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

All equity financial assets are measured at fair value through profit or loss, however, equity financial assets which are not held for trading may be irrevocably elected (on an asset-by-asset basis) to be measured at fair value through OCI.

b) Impairment of financial assets

The impairment model under IFRS 9 reflects expected credit losses. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, the Group always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group recognizes loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

For financial assets that are debt instruments, trade receivables, Loan and advances to customers, Other receivables, and money market placements; The Group measures expected credit losses and recognizes interest income on risk assets based on the following stages:

Stage 1: Assets that are performing. If credit risk is low as of the reporting date or the credit risk has not increased significantly since initial recognition, the Group recognize a loss allowance at an amount equal to 12-month expected credit losses. This amount of credit losses is intended to represent lifetime expected credit losses that will result if a default occurs in the 12 months after the reporting date, weighted by the probability of that default occurring.

Stage 2: Assets that have significant increases in credit risk. In instances where credit risk has increased significantly since initial recognition, the Group measures a loss allowance at an amount equal to full lifetime expected credit losses. That is, the expected credit losses that result from all possible default events over the life of the financial instrument. For these debt instruments, interest income recognition will be based on the effective interest rate (EIR) multiplied by the gross carrying amount. Exposures which are overdue for more than 30days are considered to have significantly increased in credit risk.

Stage 3: A lifetime ECL is calculated for financial assets that are assessed to be credit impaired. For debt instruments that have observable evidence of impairment. Exposure which are overdue for more than 90 days are considered to be in default.

Default

The Group's definition of default has been aligned to its internal credit risk management definitions and approaches. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets:

- significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower)
- a breach of contract, such as default or delinquency in interest and/or principal payments
- disappearance of active market due to financial difficulties
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation
- where the Group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the Group would not otherwise consider.

Exposures which are overdue for more than 90 days are also considered to be in default.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The Group's process to assess changes in credit risk is multi-factor and has three main elements;

- I. Quantitative element - A quantitative comparison of PD at the reporting date and PD at initial recognition
- II. Qualitative elements
- III. Backstop indicators

For individually significant exposures such as corporate and commercial risk assets, the assessment is driven by the internal credit rating of the exposure and a combination of forward-looking information that is specific to the individual borrower and forward-looking information on the macro economy, commercial sector (to the extent such information has not been already reflected in the rating process).

For other exposures, significant increases in credit risk is made on a collective basis that incorporates all relevant credit information, including forward-looking macroeconomic information and factors which are expected to have significant impact on the portfolio or individual counterparty exposures. For this purpose, the Group categorises its exposures on the basis of shared credit risk characteristics.

Applicable forward looking macroeconomic information used in the impairment model includes;

- a. GDP information
- b. Inflation rate
- c. exchange rates
- d. Oil price fluctuation

The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

Based on advice from the Group research team and economic experts and consideration of a variety of external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios and scenario weightings. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities where the Group operates, supranational organisations such as the International Monetary Fund, and selected private-sector and academic forecasters. The base case represents a most-likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**Significant increase in credit risk (SICR)**

The Group's decision on whether expected credit losses are based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk since initial recognition. An assessment of whether credit risk has increased significantly is made at each reporting date. When making the assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. This forms the basis of stage 1, 2 and 3 classification and subsequent migration.

The assessment of SICR is performed using the Lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded.

Following this assessment, the Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative and qualitative factors. Using its expert credit judgement and where possible relevant historical experience, the Group may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; this presumption is applied unless the Company has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition. The number of days past due is determined by counting the number of days since the date the full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower. The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews

i) Assets 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 not 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 allowance account and the amount of the loss is recognised in income statement. If a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from disposal less costs for obtaining and selling the collateral, whether or not disposal is probable.

For the purposes 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, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets are reflected and directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to banks, loans and advances to customers and investment securities are classified in 'Impairment writeback /(charge) for credit losses'.

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 an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

The Group applies the simplified approach and recognises lifetime ECL for trade receivables using a provision matrix. The provision matrix is based on the historical observed default rates, adjusted for forward looking estimates. At each reporting date, the historical observed default rates are updated.

ii) Assets classified as fair value through other comprehensive income

The Group can choose to make an irrevocable election at initial recognition for investments in equity instruments that do not meet the definition of held for trading, which would otherwise be measured at fair value through profit or loss, to present changes in fair value in other comprehensive income.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Reclassification of amounts recognised in other comprehensive income and accumulated in equity to profit or loss is not done. This applies throughout the life of the instrument and also at derecognition; such investments will not be subject to the impairment requirements.

Dividends on investments in equity instruments with gains and losses irrevocably presented in other comprehensive income are recognised in profit or loss if the dividend is not a return on investment (like dividends on any other holdings of equity instrument) when:

- a. the Group's right to receive payment of the dividend is established;
- b. it is probable that the economic benefits associated with the dividend will flow to the Group; and
- c. the amount of the dividend can be measured reliably.

For debt instruments measured at FVTOCI, changes in fair value is recognised in other comprehensive income, except for: interest calculated using the effective interest rate method, foreign exchange gains or losses and; impairment gains or losses until the financial asset is derecognised or reclassified.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Also, when a debt instrument asset is measured at fair value through other comprehensive income, the amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if the financial asset had been measured at amortised cost.

c) Reclassification of financial assets

Reclassification of financial assets is determined by the Group's senior management, and is done as a result of external or internal changes which are significant to the Group's operations and demonstrable to external parties.

Reclassification of debt instruments occurs when the Group changes its business model for managing financial assets.

Investments in equity instruments that are designated as at FVTOCI at initial recognition cannot be reclassified because the election to designate as at FVTOCI is irrevocable.

d) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the Group has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability

In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. Any cumulative gain/loss recognised in OCI in respect of equity investments designated at FVOCI is not recognised in profit or loss on derecognition of such assets.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**e) Modification of financial assets and liabilities**

Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value and recalculates a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

If the terms are not substantially different for financial assets or financial liabilities, the group recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new carrying gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or gains and losses on financial instruments within non-interest revenue (for all other modifications).

f) Write off

Financial assets are written off when there is no reasonable expectation of recovery. Financial assets which are written off may still be subject to enforcement activities.

2.12 Financial liabilities**Classification and subsequent measurement**

The Group's holding in financial liabilities represents mainly 'borrowings', 'managed funds' and 'other liabilities'. These are all classified as financial liabilities measured at amortised cost. These financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method.

Fees paid on the establishment of the liabilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Financial liabilities are derecognised when the obligation of the financial liabilities are extinguished, that is, when the obligation is discharged, cancelled or expires.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**2.13 Property and Equipment**

All property and equipment used by the Group is measured at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures are included in the asset's carrying amount or are 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. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to other operating expenses within the income statement during the financial period in which they are incurred.

Depreciation of other assets is calculated using the straight-line method to allocate their cost net of their residual values over their estimated useful lives, as follows:

Asset Class	Useful lives
Motor vehicles	4 years
Furniture, fittings & equipment	5 years
Computer equipment	5 years
Building	40 years
Leasehold improvements	over shorter of the useful life of item or lease period

Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property and equipment are kept under review on an annual basis to take account of any change in circumstances.

When deciding on depreciation rates and methods, the principal factors the Group takes into account are the expected rate of technological developments and expected market requirements for, and the expected pattern of usage of, the assets.

When reviewing residual values, the Group estimates the amount that it would currently obtain for the disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful economic life.

Construction cost and improvements in respect of offices is carried at cost as capital work in progress. On completion of construction or improvements, the related amounts are transferred to the appropriate category of property and equipment.

Payments in advance for items of property and equipment are included as Prepayments in "Trade and other receivables" and upon delivery are reclassified as additions in the appropriate category of property and equipment.

Property and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on derecognition is recognised in profit or loss and is determined as the difference between the net disposal proceeds and the carrying amount of the non-financial asset.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**2.14 Intangible assets****(a) Computer software**

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group, are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;

- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.
- Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Direct computer software development costs recognised as intangible assets are amortised on the straight-line basis over 5 years and are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying amount of capitalised computer software is reviewed annually and is written down when the carrying amount exceeds its recoverable amount.

(b) Impairment of tangible and intangible assets

At each reporting date, or more frequently where events or changes in circumstances dictate, tangible and intangible assets, are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount: the higher of the asset's or the cash-generating unit's net selling price and its value in use. Net selling price is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arm's length transaction evidenced by an active market or recent transactions for similar assets.

Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pre-tax basis.

The carrying values of tangible and intangible assets are written down by the amount of any impairment and this loss is recognised in the income statement in the period in which it occurs. A previously recognised impairment loss relating to a tangible or intangible asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the tangible or intangible asset's recoverable amount. The carrying amount of the tangible or intangible asset will only be increased up to the amount that it would have been had the original impairment not been recognised. For the purpose of conducting impairment reviews, cash-generating units are the lowest level at which the Directors monitor the return on investment on assets.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**2.15 Leased assets**

For any new contracts entered into on or after 1 January 2019, United Capital Plc considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the United Capital Limited ('United Capital') assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to United Capital
- United Capital has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- United Capital has the right to direct the use of the identified asset throughout the period of use. United Capital assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Lease liabilities

At the commencement date of a lease, the Group recognises lease liabilities at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that members of the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group has elected not to separate lease and non-lease components. There were no lease liability during the period.

Right of use assets

Right-of-use assets are initially measured at cost, comprising of the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. This depreciation is recognised as part of operating expenses.

Short term leases and leases of low-value-assets

Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets are assets that have values less than N5,000,000.00 (Five million naira only) when new, and depends on the nature of the asset. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term.

Extension and termination options - Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the Group.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**Termination of leases:**

On derecognition of the right-of-use asset and lease liability, any difference is recognised as a derecognition gain or loss together with termination or cancellation costs in profit or loss. Payments made under these leases, net of any incentives received from the lessor, are recognised in operating expenses on a straight-line basis over the term of the lease. When these leases are terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as operating expenses in the period in which termination takes place.

Lease Modification:

When the Group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the Group accounts for these modifications as a separate new lease. All other lease modifications that are not accounted for as a separate lease are accounted for in terms of IFRS 9, unless the classification of the lease would have been accounted for as an operating lease had the modification been in effect at inception of the lease. These lease modifications are accounted for as a separate new lease from the effective date of the modification and the net investment in the lease becomes the carrying amount of the underlying asset.

Reassessment of lease terms and lease modifications that are not accounted for as a separate lease:

When the Group reassesses the terms of any lease (i.e. it re-assesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right-of-use asset is reduced to zero any further reduction in the measurement of the lease liability, is recognised in profit or loss.

2.16 Investment Properties

Investment properties are properties held to earn rentals and/or capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**2.17 Trade and other receivables**

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Group as fair value through profit or loss or through other comprehensive income or those for which the Group may not recover substantially all of its initial investment, other than because of credit deterioration.

Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Transaction costs that are integral to the effective rate are capitalised to the value of the receivables and amortised through interest income using the effective interest rate method. The Group's trade and other receivables include prepayments, WHT receivables, accrued income, other receivables, trade debtors as well as deposits for investments.

2.18 Provisions and Contingent Liabilities

Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

Provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

2.19 Issued debt and equity securities

Issued financial instruments or their components are classified as liabilities where the contractual arrangement results in the Group having a present obligation to either deliver cash or another financial asset to the holder, to exchange financial instruments on terms that are potentially unfavourable or to satisfy the obligation otherwise than by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity shares. Issued financial instruments, or their components, are classified as equity where they meet the definition of equity and confer on the holder a residual interest in the assets of the company. The components of issued financial instruments that contain both liability and equity elements are accounted for separately with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component.

2.20 Share capital

Ordinary shares are classified as share capital.

(a) Share issue costs

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**(b) Dividend on ordinary shares**

Dividend on ordinary shares are recognised in equity in the period in which they are approved by the company's shareholders.

Dividend for the year that are declared after the date of the statement of financial position are dealt with in the subsequent events note.

Dividend proposed by the Directors but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act.

2.21 Employee benefits***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.

The Company operates a contributory pension plan in line with the Pension Reform Act 2014. Employees and the Company contribute 8% and 10% respectively of each of the qualifying staff salary in line with the provisions of the Pension Reforms Act 2014.

Short term obligation

Short-term benefits consist of wages and salaries, accumulated leave payments, 13th month, profit share, bonuses and any non-monetary benefits such as medical allowances that are expected to be wholly settled within twelve (12) months after the end of the period in which the employee rendered the related service.

A liability is recognised for the amount to be paid for accumulated leave days, long services awards and under short-term cash bonus plans, if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

2.22 Fiduciary activities

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions.

2.23 Related party transactions

Transactions with related parties are conducted and recorded at arms' length and disclosed in accordance with IAS 24 "Related party disclosures".

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**3 Financial Risk Management****3.1 Introduction and Overview**

Three Lines of Defence model

The Group adopts the 3 lines of defence model. Reporting lines reinforce the segregation of duties and independence within the model:

	Functions	Responsibilities
1 st Line of Defence	Business Line and Legal Entity Management	As the point of contact, they have primary responsibility for risk management. The process of assessing, measuring and controlling risks is ongoing and integrated in the day-to-day activities of the business through business and risk frameworks set by the second line of defence.
2 nd Line of Defence	Consists of specialist roles: Finance function; Risk Management function; Legal function; the governance and assurance functions (excluding Internal Audit)	The second line of defence functions are responsible for setting frameworks within the parameters set by the Board; and report to the Board Governance Committees. They implement the Group's risk management framework and policies, approve risk within specific mandates and provide an independent overview of the effectiveness of risk management by the first line of defence.
3 rd Line of Defence	Internal Audit	They set the internal audit framework and provide an independent assessment of the adequacy and effectiveness of the overall risk management framework and risk governance structures, and reports to the board through the Audit & Governance committee.

3.2 Risk Categories

The risk types that the Group is exposed to within its business operations are defined below. The definitions are consistent with the Group's risk culture and language

3.21 Credit Risk

Credit risk is the risk of loss from obligor or counterparty default on financial or contractual obligations. Credit risk comprises counterparty risk, settlement risk and concentration risk. These risk types are defined as follows:

Counterparty risk: The risk of credit loss to the Group as a result of the failure by a counterparty to meet its financial and/or contractual obligations to the Group as they fall due. This risk type has three components:

- i. **Primary credit risk:** The exposure at default arising from lending and related investment product activities (including their underwriting).
- ii. **Pre-settlement credit risk:** The exposure at default arising from unsettled forward and derivative transactions. This risk arises from the default of the counterparty to the transaction and is measured as the cost of replacing the transaction at current market rates.
- iii. **Issuer risk:** The exposure at default arising from traded credit and equity products (including the primary market issue underwriting of these products).

Settlement risk: Settlement is the exchange of two payments or the exchange of an asset for a payment. Settlement risk represents the risk of loss to the Group from settling a transaction where value is exchanged, but where the Group may not receive all or part of the counter value.

Credit concentration risk: The risk of loss to the Group as a result of excessive build-up of exposure to, among others, a single counterparty or counterparty segment, an industry, a market, a product, a financial instrument or type of security, a country or geography, or a maturity. This concentration typically exists where a number of counterparties are engaged in similar activities and have similar characteristics, which could result in their ability to meet contractual obligations being similarly affected by changes in economic or other conditions

3.22 Country Risk

The Group defines country risk to include cross-border risk. Country risk is the risk of loss arising where political or economic conditions or events in a particular country inhibit the ability of counterparties resident in that country to meet their financial obligations. Country risk events may include sovereign defaults, banking or currency crises, social instability and governmental policy changes or interventions such as expropriation, nationalization and asset confiscation. Transfer and convertibility risk (such as exchange controls and foreign debt moratoria) represent an important element of cross-border country risk.

3.23 Liquidity Risk

Liquidity risk arises when the Group, despite being solvent, is unable to maintain or generate sufficient cash resources to meet its payment obligations as they fall due, and/or can only do so on materially disadvantageous terms. This may arise when counterparties who provide the Group with funding withdraw or do not roll over that funding, or as a result of a general disruption in asset markets that renders normally liquid assets illiquid

Liquidity risk encompasses both funding liquidity risk and asset liquidity risk:

- i. Funding liquidity risk (also referred to as cash-flow risk) is defined as the risk that a financial institution will be unable to raise the cash necessary to roll over its debt; to fulfil the cash, margin, or collateral requirements of counterparties; or to meet capital withdrawals.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
Financial Risk Management

ii. Asset liquidity risk (also referred to as market or trading liquidity risk) results from a large position size forcing transactions to influence the price of securities. This is managed by establishing position limits on assets (especially assets that are not heavily traded).

3.24 Market Risk

Market risk is the exposure to an adverse change in the market value, earnings (actual or effective) or future cash flows of a portfolio of financial instruments (including commodities) caused by adverse movements in market variables such as equity, bond and commodity prices; currency exchange and interest rates; credit spreads; recovery rates and correlations; as well as implied volatilities in these variables.

3.25 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes business risk, information and legal risk; but excludes reputational risk.

Business risk: is the risk of loss, due to operating revenues not covering operating costs and is usually caused by:

- inflexible cost structures;
- market-driven pressures, such as decreased demand, increased competition or cost increases;
- group-specific causes, such as a poor choice of strategy, reputational damage or the decision to absorb costs or losses to preserve reputation.

It includes strategic risk, which is the risk that the Group's future business plans and strategies may be inadequate to prevent financial loss or protect the Group's competitive position and shareholder value.

3.26 Reputational Risk

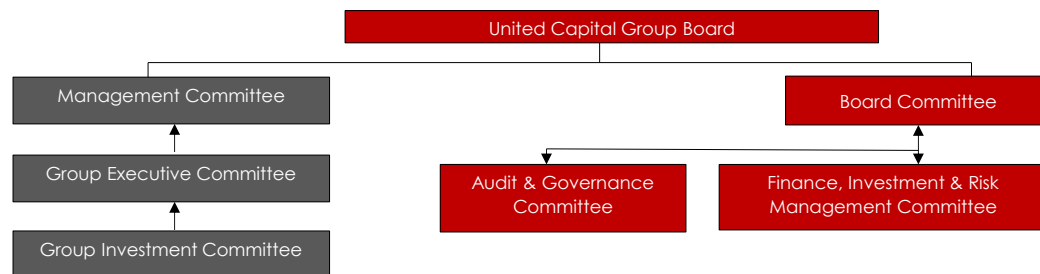
Reputational risk results from damage to the Group's image among stakeholders, which may impair its ability to retain and generate business. Such damage may result from a breakdown of trust, confidence or business relationships.

3.3 Risk Management Framework

3.31 Governance Structure

Strong independent oversight is in place at all levels throughout the Group. The risk governance structure is based on the principle that each line of business is responsible for managing the risks inherent in its business, albeit with appropriate corporate oversight. In support of this framework, business risk policies are approved to guide each line of business for decisions regarding the business' risk strategy, policies as appropriate and controls.

Risk management reports independently of the lines of business to provide oversight of Group-wide risk management and controls, and is viewed as a partner in achieving appropriate business risk and reward objectives. Risk Management coordinates and communicates with each line of business through the Group executive committee and business line governance committees. The chief risk officer (Head, Risk Management) is a member of the business line governance committees (which also has the business line chief executive officer as a member).



3.32 Risk Governance Process

The Group has established a practical risk governance process that relies on both individual responsibility and collective oversight, supported by comprehensive and independent reporting. This approach balances strong corporate oversight at Group level with participation by the senior executives of the Group in all significant risk matters. This also supports the effectiveness of the three lines of defense system as business line managers are kept abreast of inherent and emerging risks related to their respective business lines.

The governance committees are a key component of the risk management framework. They have clearly defined mandates and authorities, which are reviewed regularly. Board committees meet at least quarterly to review business strategies and ongoing achievement of risk and business objectives. This is achieved by means of formal reporting by respective business and governance units within the Group; as well as interviews/testimonials from key senior business and support executives.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**Financial Risk Management**

Management committees meet at least monthly to review the business environment, execute strategy revalidation, and are focused on measuring, monitoring and managing risk. The Group Investment Committee is charged with the asset/liability management, as well as ongoing capital and liquidity risk management of the Group and individual business entities; as well as the review and risk analysis of investment and/or new product/business proposals from business units (either due to the type of product/investment or the size/risk profile of the transaction). All approvals are executed in line with clearly defined authority levels (e.g. new business product/service lines must be approved by the Board on recommendation of the Finance, Investments and Risk Management committee).

Business line governance committees are constituted in line with the nature and risk of specific business activities. Business (line) risk framework/policies defined by the Group Risk Management function may prescribe the establishment of a business line governance committee to guide the strategy/operation of specific business lines (for instance: proprietary trading activities). Business line governance committees typically have membership from independent research, risk management, internal control and business line managers. These committees typically meet weekly (or as otherwise defined in specific business risk policy). Business risk frameworks define the risk appetite for the specific business lines amidst capital allocated for the business operation. In aggregate, the Group seeks to maintain a low-moderate risk appetite.

The board establishes and maintains oversight of the Group's risk appetite by:

- i. Providing strategic leadership and guidance;
- ii. Reviewing and approving annual budgets and forecasts, under both normal and stressed conditions, for the Group and each business unit; and
- iii. Regularly reviewing and monitoring the Group's risk performance through quarterly board reports.

The Group's ERM framework stipulates the following terms which have specific meaning within the Group and guide risk management considerations:

- i. Residual risk: the leftover risk exposure after implementation of mitigation efforts and controls
- ii. Risk appetite: the amount or type of residual risk that the Group is prepared to accept to deliver on its financial/business objectives. It reflects the capacity to sustain losses and continue to meet obligations as they fall due, under both normal and a range of stress conditions.
- iii. Risk tolerance: the maximum amount or type of risk the Group is prepared to tolerate above stipulated risk appetite levels for short periods of time (based on the understanding that management action is taken to get back within risk appetite).
- iv. Risk capacity: the maximum amount of risk the Group is able to support within its available financial resources
- v. Risk profile: the amount or type of risk the Group holds at a specific point in time
- vi. Risk tendency: is defined as a forward-looking view of the anticipated change in the Group's risk profile as a result of portfolio effects and/or changes in economic conditions. Changes in economic conditions may either be in the form of formally approved macroeconomic stress scenarios or ad-hoc stress scenarios models

The Group runs a Group Shared Service operations process supported by an Enterprise Resource Platform system. Risk Management is supported by risk technology and operations functions that are responsible for building the information technology infrastructure used to monitor and manage risk Group-wide and at respective business line and entity levels. Risk Management has oversight of all risk types (excluding Legal risk which is managed by the Legal and Compliance; and Reputational risk which is under the oversight of the Group Chief Operating Officer)

3.4 Credit Risk Management

Credit risk is the risk of loss from obligor or counterparty default on financial or contractual obligations. The Group may be exposed to credit risk arising primarily from trading activities (including debt securities), settlement balances with market counterparties, fair value through other comprehensive income (FVTOCI) and reverse repurchase lending agreements. Other sources include wholesale credit to large corporate and institutional clients (on a restrictive basis)

Credit risk management is overseen by the group risk management function and implemented within the lines of business; with oversight by the management and board committees. The Group's credit risk management governance consists of the following objectives:

- Establish a robust risk policy and control framework
- Maintain a strong culture of responsible investing
- Identify, assess and measure credit risk across the Group, from the level of individual securities and counterparties; up to aggregate portfolio holdings
- Define, implement and continually re-evaluate business risk appetite under actual and scenario conditions
- Monitoring and managing credit risk across individual exposures and all portfolio segments
- Assigning and ensuring adherence to agreed controls
- Ensure there is independent, expert analysis of credit risks; and their mitigation

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
Financial Risk Management**3.41 Risk Identification and Measurement**

The Group is exposed to credit risk through its capital and money market activities and advisory services businesses. Risk Management works in partnership with the business segments in identifying and aggregating exposures across all lines of business.

The Group dedicates considerable resources to gaining a clear and accurate understanding of credit risk across the business and ensuring that its balance sheet correctly reflects the value of the assets in accordance with IFRS.

To measure credit risk, the Group employs several methodologies for estimating the likelihood of obligor or counterparty default. In the year under review, credit risk exposure was quantified on the basis of both adjusted exposure and absolute exposure. External credit ratings are considered in evaluating probability of default. The enterprise risk management framework recognizes credit ratings from Basel recognized External Credit Assessment Institutions (ECAI) and Agosto & Co. Ltd. External ratings are often internally adjusted for prudence. The Group regularly validates the performance of ratings and their predictive power with regard to default events.

Primary credit risk arising from debt exposure is measured in accordance with the accounting value for outstanding exposure, including applicable accrued interest and gross of any specific credit impairments, and a measure of the expectation of additional exposure which may arise at default. Debt portfolios are structured to have an investment grade profile.

Wholesale credit risk exposure, where it exists, is monitored regularly at an aggregate portfolio, industry and individual counterparty basis with established concentration limits that are reviewed and revised, as deemed appropriate by Group investment committee, at least on an annual basis. Industry and counterparty limits, as measured in terms of exposure and economic credit risk capital, are subject to stress-based loss constraints. Management of the Group's wholesale credit risk exposure is accomplished through a number of means including: stringent loan underwriting and credit approval process; as well as collateral and other risk-reduction techniques. Wholesale credit exposure are at a minimum reviewed and approved at the level of the Group investment committee

Pre-settlement risk is measured on a potential future exposure basis, taking into account implicitly the liquidity and explicitly the volatility of the reference asset or price of the instrument or product and the tenor of the exposure. Instruments that give rise to issuer credit risk are measured as primary credit risk

Settlement risk is measured on a notional basis, assuming that the counter value will not be received. The daily settlement profile for the counterparty concerned is the aggregate of all settlements due by the counterparty on that date, either on a gross or net basis, depending on whether the underlying transaction agreements include netting or not.

3.42 Maximum exposure to credit risk

	Group		Company	
	2021 N'000	2020 N'000	2021 N'000	2020 N'000
Cash and cash equivalents	53,661,848	43,420,443	6,951,413	12,196,469
Financial assets:				
Amortised cost	169,041,801	107,519,178	55,049,661	37,736,255
Fair value through OCI (FVOCI)	18,129,425	3,354,111	-	-
Trade and other receivables	4,109,128	4,116,843	3,079,649	3,326,544
	244,942,202	158,410,576	65,080,722	53,259,268

Balances included in Trade and other receivables above are those subject to credit risks. Items not subject to credit risk, which include prepayment, deposit for shares and WHT receivable have been excluded.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Financial Risk Management

3.43 Credit risk analysis as at 31 December, 2021

Group

	AAA - AA	A	BBB	Not rated	Carrying amount
	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	-	-	53,661,848	-	53,661,848
Financial assets:					
Amortised cost	29,472,850	15,151,370	95,623,877	27,837,640	168,085,738
Long term placements	-	-	83,394,077	-	83,394,077
Loans to customers	-	-	-	27,837,640	27,837,640
Treasury bills	8,842,628	-	-	-	8,842,628
Federal government bonds	8,057,445	-	-	-	8,057,445
State government bonds	12,572,777	-	12,229,800	-	24,802,577
Corporate bonds	-	15,151,370	-	-	15,151,370
Fair value through OCI (FVOCI)	730,435	-	-	-	730,435
Bonds	730,435	-	-	-	730,435
Trade and other receivables	-	-	-	4,109,128	4,109,128
Total	30,203,285	15,151,370	149,285,725	31,946,768	226,587,149

Company

	AAA - AA	A	BBB	Not rated	Carrying amount
	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	-	-	6,947,852	-	6,947,852
Financial assets:					
Amortised cost	12,572,777	3,178,044	11,461,200	27,837,640	55,049,661
Long term placements	-	-	11,461,200	-	11,461,200
Loans to customers	-	-	-	27,837,640	27,837,640
Treasury bills	-	-	-	-	-
Federal government bonds	-	-	-	-	-
State government bonds	12,572,777	-	-	-	12,572,777
Trade and other receivables	-	-	-	3,079,649	3,079,649
Total	12,572,777	3,178,044	18,409,053	30,917,289	65,077,162

2020

Group

	AAA - AA	A	BBB	Not rated	Carrying amount
	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	15,973,186	15,122,115	12,325,142	-	43,420,443
Financial assets:					
Amortised cost	21,312,733	8,689,019	45,256,699	32,260,727	107,519,178
Long term placements	-	-	30,072,347	8,295,154	38,367,501
Loans to customers	337,943	-	-	23,965,573	24,303,516
Treasury bills	1,020,773	-	-	-	1,020,773
Federal government bonds	7,649,038	-	-	-	7,649,038
State government bonds	12,304,979	-	15,184,352	-	27,489,331
Corporate bonds	-	8,689,019	-	-	8,689,019
Fair value through OCI (FVOCI)	-	3,354,111	-	-	3,354,111
Treasury bills	-	-	-	-	-
Bonds	-	3,354,111	-	-	3,354,111
Trade and other receivables	-	-	-	4,116,843	4,116,843
Total	37,285,919	27,165,245	57,581,841	36,377,570	158,410,576

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**Financial Risk Management****Company**

	AAA - AA	A	BBB	Not rated	Carrying amount
	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	4,874,903	7,321,566	-	-	12,196,469
Financial assets:					
Amortised cost	12,304,979	1,465,703	-	23,965,573	37,736,255
Loans to customers	-	-	-	23,965,573	23,965,573
State government bonds	12,304,979	-	-	-	12,304,979
Corporate bonds	-	1,465,703	-	-	1,465,703
Fair value through OCI (FVOCI)	-	-	-	-	-
Trade and other receivables	-	-	-	3,326,544	3,326,544
Total	17,179,882	8,787,269	-	27,292,116	53,259,268

Geographical sectors**2021**

	Group		Company	
	Nigeria	Other Countries	Nigeria	Other Countries
	N'000	N'000	N'000	N'000
Cash and cash equivalents (excluding cash in hand)	53,661,848	-	6,951,413	-
Financial assets:				
Amortised cost	169,041,801	-	55,049,661	-
Fair value through OCI (FVOCI)	18,129,425	-	-	-
Trade and other receivables	4,109,128	-	3,079,649	-
	244,942,202	-	65,080,722	-

2020

	Group		Company	
	Nigeria	Other Countries	Nigeria	Other Countries
	N'000	N'000	N'000	N'000
Cash and cash equivalents	43,420,443	-	12,196,469	-
Financial assets:				
Amortised cost	107,519,178	-	37,736,255	-
Fair value through OCI (FVOCI)	3,354,111	-	-	-
Trade and other receivables	4,116,843	-	3,326,544	-
	158,410,575	-	53,259,268	-

Credit Quality

All financial assets are neither past due nor impaired except for N32.01b of trade receivables (2020: N29.79b) which is impaired and an allowance of N1.09b (2020: N1.32b) has been recognised.

3.44 Risk Monitoring and Management

The Group employs the use of internal exposure limits to its counterparties. Money market counterparties are selected on using a set of criteria that includes an investment grade credit rating and a systemic risk relevance based on a benchmark hurdle rate. Exposure limits are assigned on the basis of the counterparty assessment based on these selection criteria.

The Group has developed policies and practices that are designed to preserve the independence and integrity of the approval and business decision-making process to ensure credit risks are assessed accurately, approved properly, monitored regularly and managed actively at both the transaction and portfolio levels.

The framework establishes credit approval authorities, concentration limits, risk-rating methodologies, and portfolio review parameters. The Group manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries, geographies and countries.

Impairment allowances are recognized for financial reporting purposes only for losses that have been incurred at the date of the consolidated statement of financial position based on objective evidence of impairment.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**Financial Risk Management****3.45 Risk reporting**

To enable monitoring of credit risk and effective decision making, aggregate credit exposure, credit quality forecasts, concentration levels and risk profile changes are reported regularly to the management committees; and board committee at least quarterly. Stress testing is important in measuring and managing credit risk in the Group's business portfolios. The process assesses the potential impact of alternative economic and business scenarios on estimated credit losses for the Group. In conjunction with independent research, the risk management function considers economic scenarios (and parameters underlying those scenarios) which may lead to credit migration, changes in counterparty liquidity and/or solvency states and the potential losses from credit exposures. During the period under review, credit exposures are considered on the basis of absolute loss exposure impact.

3.5 Country Risk Management

Country risk is the risk that a political, economic or sovereign event or action alters the value or terms of contractual obligations of obligors, counterparties and issuers related to a country.

The Financial Investment and Risk Management (F.I.R.M) committee is responsible for the management of country risk across the Group. The F.I.R.M committee delegates the functional oversight of country risk management to the Group executive committee. The Group risk management function maintains oversight of country risk exposures and reports to the Group executive committee monthly and the F.I.R.M committee on a quarterly basis.

Risk Identification and Measurement

The Group country risk governance standards incorporate the use of external ratings from qualifying External Credit Assessment Institutions (ECAIs). Country risk exposure management is based on country, sovereign and business environment risk assessment. Exposure in countries qualifying as medium and high risk countries is subject to increased analysis and monitoring.

Country exposures are generally measured by considering the Group's risk to an immediate default of the counterparty or obligor, with zero recovery. Where required, the group seeks to incorporate country risk mitigation via methods like co-financing with multilateral institutions; political and commercial risk insurance; transaction structures to mitigate transferability and convertibility risk (such as collateral, collection and margining deposits outside the jurisdiction in question)

Risk Monitoring and Control

Group risk management in conjunction with independent research employs the use of surveillance tools for early identification of potential country risk concerns. Country ratings and exposures are actively monitored and reported on a regular basis based on an assessment of potential risk of loss associated with a significant sovereign, political, social, or economic crisis

3.5 Liquidity Risk Management

Liquidity risk management is intended to ensure that the Group has the appropriate amount, composition and tenor of funding and liquidity to support its assets.

The primary objectives of effective liquidity management are to ensure that the Group's legal entities are able to operate in support of client needs and meet contractual and contingent obligations under both normal and stressed market conditions; as well as to maintain debt ratings that enable the Group to optimize its funding mix and liquidity sources at minimal cost.

United Capital manages liquidity and funding using a centralized Treasury approach in order to actively manage liquidity for the Group as a whole, monitor exposure and identify constraints on the transfer of liquidity within the Group; and maintain the appropriate amount of surplus liquidity as part of the Group's overall balance sheet management strategy.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Financial Risk Management

Risk Identification and Measurement

In the context of the Group's liquidity management, Treasury is responsible for:

- Measuring, managing, monitoring and reporting the Firm's current and projected liquidity sources and uses;
- Managing funding mix and deployment of excess short term cash

In addition, in conjunction with the Group risk management function, Treasury is also responsible for:

- Understanding the liquidity characteristics of the Firm's assets and liabilities;
- Defining and monitoring Group-wide and legal entity liquidity strategies and contingency funding plans;
- Liquidity stress testing under a variety of adverse scenarios;
- Defining and addressing the impact of regulatory changes on funding and liquidity.

The Group adopts a three pronged approach to its liquidity risk management process which aligns strategies to liquidity risk categories. The Group recognizes three categories of liquidity risk - short-term, structural, and contingent liquidity risk. These three liquidity risk management categories are governed by a comprehensive internal governance framework to identify, measure and manage exposure to liquidity risk

Treasury, in conjunction with the Group risk management, is responsible for business activities governing the implementation of the Group's liquidity management process:

Category	Activities
Short term liquidity risk management	<ul style="list-style-type: none"> ● Monitor daily cash flow requirements ● Manage intra-day liquidity positions ● Monitor repo and bank funding shortage levels ● Manage short term cash flows ● Manage daily foreign currency liquidity ● Provide guidance on fund taking rates in conformity with longer term and contingent liquidity requirements (as informed by the management committees)
Structural liquidity risk management	<ul style="list-style-type: none"> ● Identify and manage medium to long term liquidity mismatches ● Ensure a structurally sound balance sheet ● Manage long term cash flows ● Determine and apply behavioural profiling to investor portfolios (in ● Preserve a diversified funding base ● Assess foreign currency liquidity exposures ● Establish liquidity risk appetite
Contingency liquidity risk management	<ul style="list-style-type: none"> ● Establish and maintain contingency funding plans ● Monitor and manage early warning liquidity indicators ● Ensure regular liquidity stress tests and scenario analysis ● Establish liquidity buffer levels in conformity with anticipated stress events ● Convene liquidity crisis management committees (as required) ● Ensure diversification of liquidity buffer portfolios

Risk Monitoring and Control

Monitoring and reporting entails cash flow measurement and forecasting for the next day, week, biweekly, month, quarter, half-year and yearly as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected receivable date of the financial assets.

Foreign currency liquidity risk management

The Group maintains active monitoring and management of foreign currency assets and liabilities using suitable indicators to consistently track changes in market liquidity and/or exchange rates. In general, uncovered or unmatched or un-hedged FX positions is restricted.

Funding

The Group is funded primarily by a well-diversified mix of retail, corporate and public sector funds. This funding base ensures stability and low funding cost with minimal reliance on more expensive tenured deposit and loan markets. The Group places considerable importance on the Sinking fund portfolio and other managed funds from both Trusteeship and wealth management business.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
Financial Risk Management

The Group employs a diversified funding strategy to fund its balance sheet which incorporates a coordinated approach to accessing capital and loan markets (where necessary). Funding markets are evaluated on an ongoing basis to ensure appropriate Group funding strategies are executed depending on the market, competitive and regulatory environment.

Concentration risk limits are used within the Group to ensure that funding diversification is maintained across products, sectors, geography and counterparties.

Non-derivative financial liabilities and assets held for managing liquidity risk

Presented in the table below are the cash flows payable by the Group under non-derivative financial liabilities and assets held for managing liquidity risk by remaining contractual maturities at the date of the consolidated statement of financial position. The amounts disclosed in the table below, are the contractual undiscounted cash flow and the assets held for managing liquidity risk.

Group – 31 December, 2021	< 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1-3 years years	> 3 years	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Assets							
Cash and cash equivalents	1,940,710	51,721,138	-	-	-	-	53,661,848
Bond	-	3,500,000	17,466,781	19,156,600	33,314	6,785,840	46,942,536
Treasury bills	-	-	365,493	8,477,135	-	-	8,842,628
Mutual funds	25,321,720	1,299,234	5,765,234	94,354,125	15,636,730	2,935,532	145,312,575
Quoted equities	-	-	-	-	-	6,565,673	6,565,673
Unquoted equities	-	-	-	-	-	46,496,769	46,496,769
Trade and other receivables	-	-	1,888,652	1,345,057	-	25,715,827	28,949,536
Loans and receivables	-	-	-	-	83,394,077	30,592,996	113,987,074
Total	27,262,430	56,520,372	25,486,160	123,332,918	99,064,121	119,092,637	450,758,638
Liabilities							
Borrowings	-	-	1,000,818	18,088,112	-	60,602,186	79,691,116
Managed funds	3,893,215	78,555,138	14,345,142	142,700,650	40,332,145	47,422,735	327,249,024
Other Liabilities	8,630,372	-	5,594,938	-	-	-	14,225,310
Total	12,523,587	78,555,138	20,940,898	160,788,762	40,332,145	108,024,921	421,165,450
Assets	27,262,430	56,520,372	25,486,160	123,332,918	99,064,121	119,092,637	450,758,638
Liabilities	12,523,587	78,555,138	20,940,898	160,788,762	40,332,145	108,024,921	421,165,450
Liquidity gap	14,738,843	(22,034,766)	4,545,262	(37,455,844)	58,731,976	11,067,717	29,593,188

Company – 31 December, 2021	< 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1-3 years years	> 3 years	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Assets							
Cash and cash equivalents	85,372	6,866,041	-	-	-	-	6,951,413
Bond	-	-	-	14,401,757	33,314	1,315,749	15,750,820
Mutual funds	-	-	-	2,176,409	-	-	2,176,409
Quoted equities	2,091,484	-	-	-	-	-	2,091,484
Unquoted equities	-	-	-	-	-	4,500,000	4,500,000
Trade and other receivables	-	-	985,050	2,238,207	-	25,142,732	28,365,989
Dividend receivable	-	4,828,500	-	-	-	-	4,828,500
Loans and receivables	-	-	-	-	11,461,200	27,837,640	39,298,841
Total	2,176,855	11,694,541	985,050	18,816,373	11,494,515	58,796,121	103,963,456
Liabilities							
Borrowings	-	-	1,000,818	18,088,112	-	64,628,978	83,717,908
Other liabilities	-	5,139,989	-	-	-	-	5,139,989
Total	-	5,139,989	1,000,818	18,088,112	-	64,628,978	88,857,897
Assets	2,176,855	11,694,541	985,050	18,816,373	11,494,515	58,796,121	103,963,456
Liabilities	-	5,139,989	1,000,818	18,088,112	-	64,628,978	88,857,897
Liquidity gap	2,176,855	6,554,552	(15,768)	728,261	11,494,515	(5,832,857)	15,105,558

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
Financial Risk Management**Group – 31 December, 2020**

	< 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1-3 years years	> 3 years	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Assets							
Cash and cash equivalents	7,680,604	35,739,839	-	-	-	-	43,420,443
Bond	-	3,500,000	17,466,781	8,021,592	33,314	14,805,701	43,827,388
Treasury bills	-	-	365,493	655,280	-	-	1,020,773
Mutual funds	-	-	-	-	-	21,923,259	21,923,259
Quoted equities	-	-	-	-	-	8,993,749	8,993,749
Unquoted equities	-	-	-	-	-	23,796,628	23,796,628
Trade and other receivables	-	-	1,019,172	1,781,983	-	23,387,336	26,188,492
Loans and receivables	-	-	-	-	38,367,501	22,848,063	61,215,564
Total	7,680,604	39,239,839	18,851,446	10,458,855	38,400,815	115,754,738	230,386,297
Liabilities							
Borrowings	-	-	1,374,818	18,752,097	-	52,534,730	72,661,645
Managed funds	5,893,215	50,008,721	12,345,142	7,349,264	40,422,735	-	116,019,077
Other liabilities	88,370	7,594,938	-	-	-	-	7,683,308
Total	5,981,585	57,603,659	13,719,960	26,101,361	40,422,735	52,534,730	196,364,030
Assets	7,680,604	39,239,839	18,851,446	10,458,855	38,400,815	115,754,738	230,386,297
Liabilities	5,981,585	57,603,659	13,719,960	26,101,361	40,422,735	52,534,730	196,364,030
Liquidity gap	1,699,019	(18,363,820)	5,131,486	(15,642,506)	(2,021,920)	63,220,008	34,022,267

Company – 31 December, 2020

	< 30 days	31 - 90 days	91 - 180 days	181 - 365 days	1-3 years years	> 3 years	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Assets							
Cash and cash equivalents	360,723	11,835,746	-	-	-	-	12,196,469
Bond	-	-	-	4,401,757	33,314	9,335,610	13,770,682
Mutual funds	-	-	-	-	-	2,126,746	2,126,746
Quoted equities	-	-	-	-	-	1,323,735	1,323,735
Trade and other receivables	-	-	542,200	1,997,089	-	23,387,336	25,926,625
Dividend receivable	-	3,670,000	-	-	-	-	3,670,000
Loans and receivables	-	-	-	-	-	23,965,573	23,965,573
Total	360,723	15,505,746	542,200	6,398,846	33,314	60,139,001	82,979,830
Liabilities							
Borrowings	-	-	1,374,818	18,752,097	-	52,305,597	72,432,512
Other liabilities	-	2,261,913	-	-	-	-	2,261,913
Total	-	2,261,913	1,374,818	18,752,097	-	52,305,597	74,694,425
Assets	360,723	15,505,746	542,200	6,398,846	33,314	60,139,001	82,979,830
Liabilities	-	2,261,913	1,374,818	18,752,097	-	52,305,597	74,694,425
Liquidity gap	360,723	13,243,833	(832,618)	(12,353,251)	33,314	7,833,404	8,285,404

Stress Testing

Liquidity stress tests are intended to ensure sufficient liquidity for the Group under adverse scenarios. Stress tests are considered in the formulation of the Group's funding plan and assessment of its liquidity position. Liquidity outflow assumptions are modelled across a range of time horizons and market and idiosyncratic stress.

Liquidity stress tests assume all of the Group's contractual obligations, as well as estimates of potential non-contractual and contingent outflows are met and also take into consideration varying levels of access to unsecured and secured funding markets.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
Financial Risk Management**Credit Ratings**

The cost and availability of financing are influenced by the Group's credit ratings. Reductions in these ratings could have an adverse effect on the Group's access to liquidity sources, increase the cost of funds, trigger additional collateral or funding requirements and decrease the number of investors and counterparties willing to lend to the Group. Accordingly, the Group places due emphasis on maintaining and improving its credit rating.

Credit ratings are dependent on multiple factors including the sovereign rating, capital adequacy levels, quality of earnings, credit exposure, our risk management framework and funding diversification. The Group's F.I.R.M committee ensures proper monitoring of these parameters and their possible impact on our credit rating as part of the Group's liquidity risk management and contingency planning considerations.

3.6 Market Risk Management

Market risk is the exposure to an adverse change in the market value of portfolios and financial instruments caused by a change in their market prices

The Group's exposure to market risks is categorized as follows:

- Market risk in trading activities: trading activities which may comprise market making, arbitrage and proprietary trading. These activities are primarily carried out within the Group's securities trading business
- Interest rate risk on the balance sheet: this refers to risks inherent in the different re-pricing characteristics of balance sheet assets and liabilities. These may include re-pricing risk, basis risk, yield curve risk, and optionality risk.
- Equity investments on the balance sheet: this refers to risks resulting from price changes in listed and unlisted equity investments carried on the group's balance sheet. These investments are typically classified as fair value through other comprehensive income (FVTOCI).
- Foreign currency risk: The Group may be exposed to foreign currency risk as a result of foreign-denominated cash exposures and accruals.

In managing market risks, the Group risk management function works in close partnership with the lines of business, including Treasury, to identify and monitor market risks throughout the Group. The Group's market risk management practices seek to control risk, facilitate efficient risk/return decisions, reduce volatility in operating performance, and provide transparency of the Group's market risk profile to executive management and the board of directors. This involves:

- Independent measurement, monitoring and control of business line and Group wide market risk in accordance to approved risk limits
- Qualitative risk assessments and stress tests

Risk Identification and Measurement

The risk management function articulates market risk management framework and specific business (line) risk frameworks that guide each line of business in the management of the market risks within its unit. The risk management function also responsible for independent oversight of each line of business to ensure that all material market risks are appropriately identified, measured, monitored and managed in accordance with framework guidelines approved.

The Group risk management function uses various metrics, both statistical and non-statistical, to measure and manage market risks including: value-at-risk; stop-loss triggers; stress tests; back-testing; and specific business unit portfolio and product controls.

Value-at-risk, a statistical risk measure, is used to measure the potential loss from adverse market moves under normal market conditions. Historical VaR simulation is used specifically for market risk under normal conditions. Where adopted historical VaR is based un-weighted historical data for the previous 12 months, a holding period of one day and a 99% confidence level. Daily VaR estimates are converted to a ten-day holding period. Expected shortfall is quantified to counteract the limitations of VaR.

Stop-loss triggers are used to protect the profitability of trading desks, and refer to cumulative or daily trading losses that prompt a review or close-out of positions in trading portfolios.

Specific business unit portfolio and product controls are market risk controls applied to specific business units. These may include permissible instruments, concentration of exposures, gap limits, maximum tenor, stop loss triggers, price validation and balance sheet substantiation. In addition, only approved products that can be independently priced and properly processed are permitted to be traded.

In recognition of the unpredictability of markets, stress testing is adopted to provide an indication of the potential losses that could occur under extreme market conditions and where longer holding periods may be required to exit positions.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**Financial Risk Management**

Stress tests carried out by the Group include individual market risk factor testing, combination of market risk factor testing, combination of market factors per trading desk and combinations of trading desks. The testing considers both historical market events and hypothetical forward-looking scenarios. A consistent stress-testing methodology is applied to trading and non-trading books. Stress scenarios are regularly updated to reflect changes in risk profile and economic events.

Interest rate risks in trading and non-trading portfolios are quantified using both earnings- and valuation-based measurement techniques. This is monitored at least on a monthly basis by the Group investment committee.

Interest rate sensitivity analysis as at 31 December, 2021

Group	Value as at	1% higher	1% lower
	2021		
	N'000	N'000	N'000
Financial asset FVTOCI	730,435	737,739	723,130
	730,435	737,739	723,130

Interest rate sensitivity analysis as at 31 December, 2020

Group	Value as at	1% higher	1% lower
	2020		
	N'000	N'000	N'000
Financial asset FVTOCI	3,354,111	3,387,653	3,320,570
	3,354,111	3,387,653	3,320,570

Foreign currency risk exposure may arise as a result of foreign-denominated cash exposures, foreign-denominated accruals, and foreign-denominated debt. The finance/treasury function maintains oversight of aggregate foreign currency risk exposure, taking into account naturally offsetting risk positions and managing the Group's residual risk. In general, the Group's policy is not to ordinarily hold significant open FX exposures on the balance sheet. The risk management function conducts foreign currency sensitivity tests to monitor potential impact from rate movements in the FX markets. The table below shows the impact on the Group's and Company's profit before tax if foreign exchange rates on financial instruments held at amortised cost or at fair value had increased by 5 percent (5%), with all other variables held constant.

Foreign currency sensitivity analysis

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	=N=' 000	=N=' 000	=N=' 000	=N=' 000
Assets	689,890	558,615	614,322	497,426
Liabilities	566,384	458,611	566,384	458,611
Impact on profit	123,506	100,005	47,938	38,816

The Group's market risk management process ensures disciplined risk-taking within a framework of well-defined risk appetite that enables the group to boost shareholders value while maintaining competitive advantage through effective utilization of risk capital.

3.7 Equity risk

The Group holds investments in listed and unlisted securities. Listed equity securities (quoted on the Nigerian Stock Exchange) is exposed to movement based on the general movement of the all share index and movement in prices of specific securities held by the Group.

Sensitivity analysis assuming a 5% increase/decrease in value of equities.

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	=N=' 000	=N=' 000	=N=' 000	=N=' 000
Investment securities at FVTPL	1,927,885	2,386,037	835,676	1,414,545
Investment securities at FVOCI	12,665,456	8,008,662	1,232,932	-

Impact on Profit for the year

Favourable change @ 5% increase in prices	96,394	119,302	41,784	70,727
Unfavourable change @ 5% reduction in prices	(96,394)	(119,302)	(41,784)	(70,727)

Impact on Other Comprehensive Income

Favourable change @ 5% increase in prices	633,273	400,433	61,647	-
Unfavourable change @ 5% reduction in prices	(633,273)	(400,433)	(61,647)	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**Financial Risk Management****Risk Monitoring and Control**

Market risk is controlled primarily through a series of limits set in the context of the market environment and business strategy. In setting limits, the Group takes into consideration factors such as market volatility, asset liquidity and accommodation of client business and management experience.

Limits may also be allocated within the lines of business, as well at portfolio level. Limits are established by risk management. Limits are reviewed regularly and updated as appropriate, with any changes approved by appropriate governance committees and risk management.

3.7.1 Fair value estimation**a) Financial instruments measured at fair value**

IFRS 7 requires disclosures for all financial instruments measured at fair value.

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs (level 3).

Group 2021	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	N'000	N'000	N'000	N'000
Bonds	730,435	-	-	730,435
Equity- quoted	6,565,673	-	-	6,565,673
Equity- unquoted	-	43,578,007	-	43,578,007
Mutual funds	138,943,490	6,369,085	-	145,312,575
	146,239,598	49,947,092	-	196,186,690

Company 2021	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	N'000	N'000	N'000	N'000
Equity- quoted	1,255,808	-	-	1,255,808
Equity- unquoted	-	835,676	-	835,676
	1,255,808	835,676	-	2,091,484

Group 2020	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	N'000	N'000	N'000	N'000
Treasury bills	-	-	-	-
Bonds	2,495,179	-	-	2,495,179
Equity- quoted	5,476,050	-	-	5,476,050
Equity- unquoted	-	12,632,264	-	12,632,264
Mutual funds	-	18,481,622	-	18,481,622
	7,971,230	31,113,887	-	39,085,116

Company 2020	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value	N'000	N'000	N'000	N'000
Equity- unquoted	1,323,735	-	-	1,323,735
Mutual funds	-	691,305	-	691,305
	1,323,735	691,305	-	2,015,040

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily NSE equity investments, treasury bills and bonds classified as trading securities or financial asset through OCI.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- a) Quoted market prices or dealer quotes for similar instruments;
- b) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- c) Other techniques, such as discounted cash flow analysis, sales prices of comparable properties in close proximity, are used to determine fair value for the remaining financial instrument.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**Financial Risk Management****Financial instruments in level 3**

Inputs for the asset or liability in this fair value hierarchy are not based on observable market data (unobservable inputs). This level includes equity investments with significant unobservable components.

Description of valuation methodology and inputs:

The steps involved in estimating the fair value of the company's unquoted equity investments are as follows:

Step 1: The most appropriate valuation methodology was selected to value each of the unquoted equity investment.

Step 2: Comparative multiples were sourced from S & P Capital IQ based on available comparable companies in Sub-Saharan Africa and Emerging Asia and an average multiple was computed.

Step 3: The enterprise value was derived by multiplying the average multiple to the relevant financial metric.

Step 4: Equity value of the firm was derived by deducting the value of the debt of the company and adding the closing cash balance.

Step 5: A lack of marketability discount of 14.9% was applied to the equity value.

Step 6: The equity value was derived by multiplying the company's equity value by Roger Miller equity stake.

Step 7: The latest transaction price was adopted to estimate the fair value of unquoted equity investment in Brozi Leisures Limited.

There was no transfer of securities between levels in 2021 (2020: nil).

Information about the fair value measurements using significant unobservable inputs (Level 3) are given below:

31 December 2021

Description	Fair value at 31 Dec. 2021	Valuation technique	Unobservable input	Reasonable possible shift +/- (absolute value)	Change in valuation +/- N'000
AFC ('USD - million)	8,385	DDM	-Discounted factor -Cashflow estimate	1%	85

31 December 2020

Description	Fair value at 31 Dec. 2020	Valuation technique	Unobservable input	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation +/- N'000
FSDH (Naira - million)	2,912,462	DDM Justified P/E Justified P/BV	EV/ EBITDA Methodology	40%	1%	29,125
				20%	1%	29,125
				40%	1%	29,125
AFC ('USD - million)	7,868	DDM Justified P/E Justified P/BV	EV/ EBITDA Methodology	70%	1%	79
				25%	1%	79
				5%	1%	79
Oakwood (Naira - million)	405,000	Latest transaction price	EV/ Sales Methodology	100%	1%	4,050

The change in valuation disclosed in the table shows the direction an increase or decrease in the respective input variables would have on the valuation result. For equity securities, increase in the EBITDA multiple would lead to an increase in estimated value. However, an increase in the discount for lack of marketability would lead to a decrease in value.

The valuation of FSDH unquoted equity was based on the recent sales price of the shares. A 5% increase/(decrease) in the share price of the equities at the reporting date would have increased/(decreased) the profit before tax by N128million

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
Financial Risk Management**(b) Financial instruments not measured at fair value
Group**

	At 31 December 2021		At 31 December 2020	
	Carrying value N'000	Fair value N'000	Carrying value N'000	Fair value N'000
Financial assets				
Cash and bank	53,661,848	53,661,848	43,420,443	43,420,443
Investment securities at amortised cost	170,841,093	169,052,940	106,063,725	106,063,725
Trade and other receivables*	28,949,536	28,949,536	29,788,430	28,472,742
	253,452,477	251,664,324	179,272,598	177,956,910
Financial liabilities				
Trade and other payables*	30,919,246	30,919,246	28,472,742	28,472,742
Managed funds*	327,249,024	327,249,024	116,019,077	116,019,077
Borrowings	79,691,116	79,691,116	72,661,645	72,661,645
	437,859,386	437,859,386	217,153,464	217,153,464
Company				
Financial assets				
Cash and cash equivalents	6,951,413	6,951,413	12,196,469	12,196,469
Investment securities at amortised cost	55,049,661	53,261,508	37,005,545	37,005,545
Trade and other receivables	28,365,991	28,386,513	28,264,164	27,476,909
	90,367,065	88,599,433	77,466,178	76,678,923
Financial liabilities				
Trade and other payables	29,889,598	29,889,598	27,476,909	27,476,909
Borrowings	83,717,908	83,379,292	72,432,512	72,432,512
	113,607,507	113,268,891	99,909,421	99,909,421

*The carrying values of these assets and liabilities approximates their fair values.

Cash and bank balances have been designated as level 2 while loans, managed funds, long term placements as well as trade and other payables have been designated as level 3 within the fair value hierarchy. State and corporate bonds are designated as level 1 within the fair value hierarchy.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	Group		Company	
	31 December 2021 =N=' 000	31 December 2020 =N=' 000	31 December 2021 =N=' 000	31 December 2020 =N=' 000
4 Net investment income				
Interest from placements and bonds	5,112,064	4,260,395	4,598,656	2,866,322
Income from loans	7,034,000	7,937,839	6,573,810	7,937,839
Dividend income from securities investments	1,706,570	470,623	93,659	29,045
Profit on disposal of investment	80,013	308,643	-	-
Income from managed Funds	18,791,743	9,030,495	-	-
	<u>32,724,390</u>	<u>22,007,995</u>	<u>11,266,125</u>	<u>10,833,206</u>
Interest expense on managed funds and other borrowings	(23,823,877)	(13,746,326)	(9,710,618)	(8,297,092)
	<u>8,900,513</u>	<u>8,261,668</u>	<u>1,555,507</u>	<u>2,536,114</u>
Investment income from items measured at amortised cost	7,054,656	7,608,092	1,322,561	2,317,718
Investment income from items carried at fair value through OCI	1,845,857	653,576	232,946	218,396
	<u>8,900,513</u>	<u>8,261,668</u>	<u>1,555,507</u>	<u>2,536,114</u>
5 Fees and commssion income				
Financial advisory fees	1,362,743	901,788	1,362,743	901,788
Other fees and commissions	4,796,829	2,569,610	-	-
	<u>6,159,572</u>	<u>3,471,398</u>	<u>1,362,743</u>	<u>901,788</u>
Fees recognised at point in time	2,740,840	1,478,150	1,362,743	901,788
Fees recognised over time	3,418,732	1,993,247	-	-
	<u>6,159,572</u>	<u>3,471,397</u>	<u>1,362,743</u>	<u>901,788</u>
Other fees and commission income include management fees of N2.74b (2020: N1.422b) from mutual fund which are recognised at point in time, fees and transaction sign-on fees which are recognised at point in time the mandate is consumated. Management fee accrues monthly as a percentage of the net asset value (NAV) at each point in time.				
6 Net Trading Income.				
Net trading income includes gains and losses arising both on the purchase and sale of financial instruments at FVTPL	<u>1,181,877</u>	<u>753,226</u>	<u>189,863</u>	<u>396,284</u>
7 Other income				
Exchange gains	1,366,640	5,887	157,622	5,887
Interest on staff loans	4,025	4,393	2,435	1,580
Gain on Disposal of PPE	34	5,842	34	5,842
Other income	215,237	381,850	27,079	53,543
	<u>1,585,936</u>	<u>397,972</u>	<u>187,170</u>	<u>66,852</u>
Other income includes income from trade (N1.62m) realised by the Securities Trading business.				
8 Net loss from financial assets at fair valued through profit or loss				
Net gain/(loss) on equity instruments at FVTPL	237,285	(10,367)	114,816	(10,367)
	<u>237,285</u>	<u>(10,367)</u>	<u>114,816</u>	<u>(10,367)</u>
9 Personnel expenses				
Staff cost	1,549,930	1,320,083	255,020	313,884
Contributions to defined contribution plans	38,480	30,967	7,707	5,302
	<u>1,588,410</u>	<u>1,351,050</u>	<u>262,727</u>	<u>319,186</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	Group		Company	
	31 December 2021 =N=' 000	31 December 2020 =N=' 000	31 December 2021 =N=' 000	31 December 2020 =N=' 000
10 Other operating expenses				
Premises and equipment costs	105,451	136,496	4,980	2,682
Auditors remuneration	37,625	37,625	11,825	11,825
Professional fees	738,952	695,310	186,323	177,913
Travel and accommodation	55,156	38,006	11,458	14,754
Rent and rates (See note a)	80,104	47,321	23,233	2,000
AGM/Dividend processing expenses	35,558	74,950	5,643	39,858
Donations	158,953	910	43,714	910
Subscription	56,637	51,078	24,109	28,521
Insurance	76,707	26,105	8,253	7,786
Statutory expenses	26,110	19,923	7,271	9,888
General administrative expenses	473,251	600,670	147,277	164,469
Advertisement and branding	796,908	353,442	18,928	7,163
Share register fee	25,818	61,558	4,691	61,558
Directors fees and other allowances	69,695	43,767	11,061	11,658
Printing and stationeries	8,719	10,516	2,485	3,008
Office running expenses	317,779	158,808	-	-
Business entertainment	170,236	45,588	20,139	11,417
Fines and penalties	3,000	-	-	-
Business development	296,147	141,715	218,651	136,608
IT license and maintenance fee	19,710	66,657	19,710	22,602
Loss on disposal of assets	-	452	-	-
Training and conference	50,515	5,863	9,226	5,283
	3,603,031	2,616,760	778,977	719,903
During the period, there were no non-audit fees paid to the Auditors.				
a	This represent payment for short term and low value leases			
11 Depreciation & amortisation				
11.1 Depreciation of property and equipments (note 23)	204,408	202,220	171,513	167,659
11.2 Amortisation				
Amortisation of intangible assets (note 20)	20,996	13,936	16,157	11,916
Amortisation of right of use assets (note 19)	70,875	70,369	70,875	70,369
	91,871	84,305	87,032	82,285
12 Impairment charge/(writeback) for credit losses				
Loss allowance on cash and cash equivalents (note 15a)	(38,600)	38,600	-	-
write back on financial assets at amortised cost (note 16.1a)	(18,521)	(88,965)	(13,052)	-
Loss allowance on financial assets at amortised cost (note 16.1a)	362,360	332,394	-	194,392
Loss allowance on trade receivables (note 17.1)	148,212	389,863	160,206	250,176
	453,451	671,892	147,155	444,568
13 Income tax expense				
Recognised in the profit or loss				
Income tax	456,773	524,811	32,568	380,709
Education tax	77,145	75,541	-	30,359
Information technology tax	166,605	115,184	66,107	58,271
Police trust fund levy	833	575	331	291
	701,356	716,111	99,006	469,630
Deferred tax	(42,493)	(579,619)	(31,201)	(229,624)
	658,863	136,492	67,805	240,006
13.1 Proof of Tax				
The income tax expense for the period can be reconciled to the accounting profit as follows:				
Profit before tax from continuing operations	12,124,014	7,947,670	6,791,196	5,827,070
Income tax expense calculated at 30% of PBT	5,052,272	3,485,281	2,037,359	1,748,121
Effect of Income that is exempt from taxation	(5,056,916)	(3,089,815)	(2,146,157)	(1,369,247)
Effect of expenses that are not deductible in determining taxable profit	256,616	157,648	106,270	3,383
Effect of Concessions (research and development and other allowances)	17	(654)	(1,357)	(570)
Effect of tax adjustment	328,048	117,791	99,006	58,562
Adjustment recognised due to difference in tax rates	48,832	(5,398)	3,885	118
Education tax at 2.5% of assessable profits	72,487	51,258	-	29,263
	701,356	716,111	99,006	469,630
Adjustment recognised in the current period relating to the deferred tax of prior periods	(42,493)	(579,619)	(31,201)	(229,624)
	658,863	136,492	67,805	240,006
Recognised in other comprehensive income				
deferred tax recognised in other comprehensive income	(9,479)	298	632	45
	(9,479)	298	632	45

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	=N=' 000	=N=' 000	=N=' 000	=N=' 000
14 Earnings per share				
Basic earnings per share				
Basic earnings attributable to shareholders (N'000)	11,258,738	7,811,178	6,723,391	5,587,064
Weighted number of ordinary shares in issue for basic ('000)	6,000,000	6,000,000	6,000,000	6,000,000
Weighted number of ordinary shares in issue on conversion of dilutive shares ('000)	6,000,000	6,000,000	6,000,000	6,000,000
Basic earnings per share (kobo)	188	130	112	93
Diluted earnings per share (kobo)	188	130	112	93

There are no dilutive instruments in issue as at the reporting date. Consequently, basic and diluted EPS are same.

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	=N=' 000	=N=' 000	=N=' 000	=N=' 000
15 Cash and cash equivalents				
Cash and balances with banks	1,940,710	7,719,204	85,372	360,723
Money market placements	51,721,138	35,739,839	6,866,041	11,835,746
	53,661,848	43,459,043	6,951,413	12,196,469
Impairment charge	-	(38,600)	-	-
	53,661,848	43,420,443	6,951,413	12,196,469
Current	53,661,848	43,459,043	6,951,413	12,196,469
Non-Current	-	-	-	-
	53,661,848	43,459,043	6,951,413	12,196,469
15a Impairment adjustments on Cash				
At 1 January	38,600	-	-	-
Arising during the year	(38,600)	38,600	-	-
At 31 December	-	38,600	-	-

"Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisitions, including cash in hand, deposits held at call with other banks and other short-term highly liquid investments with original maturities less than three months".

All bank balances and money market placements are assessed as stage 1 credit risk at each reporting date as they are held with reputable financial institutions and in most cases secured by way of Government securities. The identified ECL on cash and cash equivalent for the Company is considered immaterial and has not been recognised

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	=N=' 000	=N=' 000	=N=' 000	=N=' 000
15b Cash and cash equivalent for cashflow purposes				
Cash and cash equivalent	53,661,848	43,420,443	6,951,413	12,196,469
Bank overdraft	(46,461)	(3,804)	(3,561)	-
At 31 December	53,615,387	43,416,639	6,947,852	12,196,469
16 Investment securities				
Financial assets measured at amortised cost - (note 16.1)	169,041,801	106,063,725	54,332,003	37,005,545
Financial assets at Fair value through other comprehensive income - (note 16.2)	18,129,425	15,749,935	3,432,217	1,435,441
Financial assets at Fair value through profit or loss - (note 16.3)	176,476,026	23,335,181	835,676	2,015,040
	363,647,252	145,148,841	58,599,896	40,456,026
Current	48,966,009	1,020,773	18,669,650	4,401,757
Non-Current	314,681,243	144,128,068	39,930,246	36,054,269
	363,647,252	145,148,841	58,599,896	40,456,026
16.1 Financial assets measured at amortised cost				
Investment in long term placement	83,394,077	38,367,501	11,461,200	-
Loans to customer	30,592,996	24,303,516	27,837,640	23,965,573
Treasury bills	8,842,628	1,020,773	-	-
Federal government bonds	8,057,445	7,649,038	-	-
State government bonds	24,802,577	27,489,331	12,572,777	12,304,979
Corporate bonds	15,151,370	8,689,019	3,178,044	1,465,703
	170,841,093	107,519,178	55,049,661	37,736,255
Loss allowance on financial assets at amortised costs (note 16.1a)	(1,799,292)	(1,455,453)	(717,658)	(730,710)
	169,041,801	106,063,725	54,332,003	37,005,545
16.1a Loss allowance on financial assets at amortised costs				
At 1 January	1,455,453	1,212,025	730,710	536,318
Charge during the year:				
(Writeback)/allowance on loan to customers	(18,521)	(88,965)	(13,052)	-
Loss allowance on other financial assets	362,360	332,394	-	194,392
	1,799,292	1,455,454	717,658	730,710

FGN bonds measured at amortised cost are assessed to have low credit risk at each reporting date based on their respective external credit ratings. As such, the Group assumes that the credit risk on these financial instruments have not increased significantly since initial recognition as permitted by IFRS 9 and recognises 12 month ECL for these assets. There was additional impairment of N362.36m on financial assets and a writeback of N18.52m on loans to customers during the period ended 31 December 2021.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

19	Right of use assets	Group =N=' 000	Company =N=' 000
	Cost		
	At 1 January 2021	354,375	354,375
	Addition	-	-
	As at 31 December 2021	354,375	354,375
	Depreciation		
	At 1 January 2021	70,681	70,681
	Charge for the year	70,875	70,875
	Disposal	-	-
	As at 31 December 2021	141,556	141,556
	Carrying amounts		
	As at 31 December 2021	212,819	212,819
	At 31 December 2020	283,694	283,694
		-	-
19.1	Right of use assets	Group =N=' 000	Company =N=' 000
	Cost		
	At 1 January 2020	624	624
	Addition	353,751	353,751
	At 31 December 2020	354,375	354,375
	Depreciation		
	At 1 January 2020	312	312
	Charge for the year	70,369	70,369
	At 31 December 2020	70,681	70,681
	Carrying amounts		
	At 31 December 2020	283,694	283,694
	At 1 January 2020	312	312

Right of use asset relate to lease rentals on the head office occupied by the Group. The lease agreement covers a period of five (5) years.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

21	Investment in subsidiaries	Date of Investment	Holding	Value	Country
	United Capital Securities Limited	2006	100%	100,000	Nigeria
	United Capital Assets Management Limited	2013	100%	500,000	Nigeria
	United Capital Trustees Limited	2013	100%	300,000	Nigeria
	UC Plus Advance Limited	2019	100%	1,000	Nigeria
	United Capital Management Limited	2020	100%	1,000	Ghana
				<u>901,000</u>	

21.1 Other information on subsidiaries

- (i) United Capital Securities Limited is a dealing member of the Nigerian Stock Exchange (NSE) and registered by the Securities & Exchange Commission (SEC) as a Broker/Dealer. It is also a registered dealing member of NASD OTC Plc and FMDQ OTC Plc. This enables the Company to deal in over-the-counter Equity and Fixed Income Securities. The Company provides services such as securities dealing, receiving agents to new issues, stockbrokers to primary issues, designated adviser to SME's and equity portfolio management services.
- (ii) United Capital Assets Management Limited is registered and licensed by the Securities and Exchange Commission of Nigeria (SEC) to act as investment advisers, funds and portfolio managers.
- (iii) United Capital Trustees Limited is a leading provider of Trust services such as debenture trust, bond trusteeship to corporate and sub-sovereign issuers of public debt instruments and trustees to collective investment schemes.
- (iv) UC Plus Advance Limited is a consumer lending company established by United Capital Plc with the sole objective of enhancing financial inclusion and providing pay day loans to working class individuals and SMEs. UC Plus Advance Limited was licensed by the Lagos State Government in 2019 but and commence operations in 2020.

21.2 Non-controlling interest of subsidiaries

The Group does not have any non-wholly owned subsidiaries that have material non-controlling interest.

21.3 Significant restrictions

The Group does not have significant restrictions on its ability to access or use the assets and settle the liabilities of any member of the Group other than those resulting from the subsidiaries' supervisory frameworks. Disclosures on liquidity, capital adequacy and credit risk were disclosed in the enterprise risk management.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

22 Investment in associates	Group		Company	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	N' 000	N' 000	N' 000	N' 000
Heirs Insurance Limited	2,358,404	2,500,000	2,500,000	2,500,000
Heirs Life Assurance Limited	1,935,183	2,000,000	2,000,000	2,000,000
	<u>4,293,587</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>

	Place of business/country of incorporation	% of ownership interest	Nature of relationship	Measurement method
(a) Nature of investment in associates				
Investment in Heirs Insurance Limited	Nigeria	25%	Investee	Equity method
Investment in Heirs Life Assurance Limited	Nigeria	25%	Investee	Equity method

This represents holding in the ordinary share capital of Heirs Insurance Limited and Heirs Life Assurance Limited respectively, companies incorporated and operating in Nigeria (2020: 25%). The holding became an associate at commencement of the investee businesses in 2020.

(b) **Summarised financial information for associates**

Below are the summarised financial information for investment in associates accounted for using the equity method.

(i) **Summarised balance sheet**

	Heirs Insurance Limited	Heirs Life Assurance Limited
	31 December 2021	31 December 2021
	N' 000	N' 000
Assets		
Cash and Cash Equivalents	4,522,006	833,368
Financial Assets	3,212,322	6,937,773
Receivables and prepayments	1,605,258	388,368
Right-of-use asset	662,710	385,471
Property and equipment	205,904	154,631
Intangible asset	213,890	201,130
Statutory deposit	1,000,000	800,000
Total assets	<u>11,422,090</u>	<u>9,700,742</u>
Liabilities		
Financial liabilities	1,312,067	224,973
Other liabilities	700,427	1,735,039
Total liabilities	<u>2,012,494</u>	<u>1,960,012</u>
Total equity	<u>9,409,596</u>	<u>7,740,730</u>

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

	Heirs Insurance Limited	Heirs Life Assurance Limited
	31 December 2021	31 December 2021
	N' 000	N' 000
Underwriting profit/(loss)	(94,425)	647,899
Investment income	1,222,084	662,866
Operating expense	(1,692,673)	(1,569,408)
Profit before tax	<u>(565,014)</u>	<u>(258,643)</u>
Income tax	(1,370)	(627)
Profit after tax	<u>(566,384)</u>	<u>(259,270)</u>
Other comprehensive income		
Total comprehensive income	<u>(566,384)</u>	<u>(259,270)</u>

(c) **Movement in investment in associate**
Group

	N' 000
Balance at 1 January 2021	4,500,000
Share of current period profit	(206,413)
Share of current year other comprehensive income	-
Balance at 31 December 2021	<u>4,293,587</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

23 (i) Property and equipment Group	Leasehold Improvements =N=' 000	Furniture, fittings & equipment =N=' 000	Motor vehicles =N=' 000	Computer equipment =N=' 000	Total =N=' 000
Cost					
At 1 January 2021	258,059	122,012	684,035	214,340	1,278,445
Additions	-	53,449	8,000	49,000	110,449
Disposals	-	-	-	(236)	(236)
As at 31 December 2021	258,059	175,461	692,035	263,104	1,388,658
Depreciation					
At 1 January 2021	40,645	40,508	478,365	153,102	712,621
Charge for the year	54,278	29,192	97,074	23,864	204,408
Disposals	-	-	-	(223)	(223)
As at 31 December 2021	94,923	69,700	575,438	176,744	916,806
Carrying amounts					
As at 31 December 2021	163,135	105,761	116,596	86,360	471,852
At 31 December 2020	217,413	81,504	205,670	61,237	565,824

Property and equipment Company	Leasehold Improvements	Furniture, fittings & equipment	Motor vehicles	Computer equipment	Total
Cost					
At 1 January 2021	258,059	80,841	446,837	137,074	922,810
Addition	-	53,028	-	45,226	98,254
Disposals	-	-	-	(236)	(236)
As at 31 December 2021	258,059	133,869	446,837	182,064	1,020,828
Depreciation					
At 1 January 2021	40,645	16,314	293,943	84,450	435,353
Charged for the year	54,278	24,873	72,555	19,807	171,513
Disposals	-	-	-	(223)	(223)
As at 31 December 2021	94,923	41,187	366,498	104,035	606,643
Carrying amounts					
As at 31 December 2021	163,135	92,681	80,339	78,029	414,185
At 31 December 2020	217,413	64,527	152,894	52,624	487,458

All PPE items are non-current

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

23.1 (i) Property and equipment Group	Leasehold Improvements =N=' 000	Furniture, fittings & Equipment =N=' 000	Motor vehicles =N=' 000	Computer Equipment =N=' 000	Total =N=' 000
Cost					
At 1 January 2020	-	109,979	622,530	192,897	925,406
Additions	258,059	70,113	61,505	21,443	411,119
Disposals	-	(58,080)	-	-	(58,080)
At 31 December 2020	258,059	122,012	684,035	214,340	1,278,444
Depreciation					
At 1 January 2020	-	78,563	355,428	134,296	568,287
Charge for the year	40,645	19,832	122,937	18,806	202,220
Disposals	-	(57,887)	-	-	(57,887)
At 31 December 2020	40,645	40,508	478,365	153,102	712,620
Carrying amounts					
At 31 December 2020	217,413	81,503	205,670	61,238	565,824
At 31 December 2019	-	31,416	267,102	58,602	357,119
(ii) Company					
	Leasehold Improvements =N=' 000	Furniture, fittings & Equipment =N=' 000	Motor vehicles =N=' 000	Computer Equipment =N=' 000	Total =N=' 000
Cost					
At 1 January 2020	-	72,422	393,287	118,079	583,788
Additions	258,059	55,128	53,550	18,995	385,732
Disposals	-	(46,710)	-	-	(46,710)
At 31 December 2020	258,059	80,841	446,837	137,074	922,810
Depreciation					
At 1 January 2020	-	46,897	196,998	70,509	314,404
Charge for the year	40,645	16,127	96,945	13,942	167,659
Disposals	-	(46,710)	-	-	(46,710)
At 31 December 2020	40,645	16,314	293,943	84,450	435,353
Carrying amounts					
At 31 December 2020	217,413	64,527	152,894	52,623	487,457
At 31 December 2019	-	25,525	196,289	47,570	269,384

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	Group		Company	
	31 December 2021 =N=' 000	31 December 2020 =N=' 000	31 December 2021 =N=' 000	31 December 2020 =N=' 000
24 Deferred tax - (Asset)				
Deferred tax assets:				
- Deferred tax asset to be recovered after more than 12 months	314,736	260,184	-	-
Charge for the period	(1,981)	54,552	-	-
	<u>312,755</u>	<u>314,736</u>	<u>-</u>	<u>-</u>
The break down of deferred tax assets are as follows:				
Property and equipment	26,943	67,916	-	-
Exchange difference	-	55,048	-	-
Losses	187,557	83,094	-	-
Provisions	98,255	108,678	-	-
	<u>312,755</u>	<u>314,736</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities:				
- Deferred tax liability to be recovered after more than 12 months (Writeback)/Charge for the period	126,974	652,041	113,701	186,906
	<u>(44,474)</u>	<u>(525,067)</u>	<u>(31,201)</u>	<u>(73,205)</u>
Total	<u>82,500</u>	<u>126,974</u>	<u>82,500</u>	<u>113,701</u>
The break down of deferred tax liabilities are as follows:				
Property and equipment	753	97,299	753	92,650
Exchange difference	174,489	71,868	174,489	24,161
Losses	(92,742)	(39,083)	(92,742)	-
FVTOCI	-	(3,110)	-	(3,110)
	<u>82,500</u>	<u>126,974</u>	<u>82,500</u>	<u>113,701</u>
Parent - Deferred tax liabilities				
	1 January 2021	Recognised in P&L	Recognised in OCI	31 December 2021
	N'000	N'000	N'000	N'000
Property and equipment	92,650	(91,897)	-	753
Exchange difference	24,161	150,328	-	174,489
Losses	-	(92,742)	-	(92,742)
FVTOCI	(3,110)	-	3,110	-
	<u>113,701</u>	<u>(34,311)</u>	<u>3,110</u>	<u>82,500</u>
Group - Deferred tax liabilities				
	1 January 2021	Recognised in P&L	Recognised in OCI	31 December 2021
	N'000	N'000	N'000	N'000
Property and equipment	97,299	(96,546)	-	753
Exchange difference	71,868	102,620	-	174,489
Losses	(39,083)	(53,659)	-	(92,742)
FVTOCI	(3,110)	-	3,110	-
	<u>126,974</u>	<u>(47,584)</u>	<u>3,110</u>	<u>82,500</u>
Group - Deferred tax asset				
	1 January 2021	Recognised in P&L	Recognised in OCI	31 December 2021
	N'000	N'000	N'000	N'000
Property and equipment	67,916	(40,974)	-	26,943
Exchange difference	55,048	(55,048)	-	-
Losses	83,094	104,463	-	187,557
Provisions	108,678	(10,423)	-	98,255
	<u>314,736</u>	<u>(1,981)</u>	<u>-</u>	<u>312,755</u>

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

The Group has not recognised deferred tax assets of about N3.6b arising from tax losses during the period under review as it considers the probability of recovering these losses to be low. This is because the tax exempt status of income realised on Nigerian government securities is one of the major drivers for the negative taxable profit within the Group, which is the largest contributor to the deferred tax asset, through tax losses, in the Group. The uncertainty surrounding the extension or termination of the tax exempt status at the end of 2021 has made management conclude that not all tax losses carried forward should be recorded as deferred tax assets.

	Group		Company	
	31 December 2021 =N=' 000	31 December 2020 =N=' 000	31 December 2021 =N=' 000	31 December 2020 =N=' 000
25 Managed Funds				
Short term investments	204,940,905	67,085,071	-	-
Ucap Investments	65,092,136	2,625,448	-	-
Trust funds	34,772,369	29,727,644	-	-
Sinking Funds	19,943,655	13,840,778	-	-
Payable on trust accounts	2,499,959	2,740,136	-	-
	327,249,024	116,019,077	-	-
Current	239,494,144	75,596,342	-	-
Non-Current	87,754,880	40,422,735	-	-
	327,249,024	116,019,077	-	-

Sinking Funds are funds managed by Trustees on behalf of bond issuers. The funds are invested in fixed income instruments for liquidity purposes in order to meet bondholders obligations as they become due.

26 Borrowed funds				
Borrowing from banks and other financial institutions	53,083,376	48,766,236	57,110,168	48,537,103
Issued debt - Bonds	7,617,351	9,018,130	7,617,351	9,018,130
Commercial Papers	18,990,389	14,877,279	18,990,389	14,877,279
	79,691,116	72,661,645	83,717,908	72,432,512
Current	19,088,930	20,126,915	19,088,930	20,126,915
Non-Current	60,602,186	52,534,730	64,628,978	52,305,597
	79,691,116	72,661,645	83,717,908	72,432,512

Borrowing from bank - Loans from commercial bank represent different facilities with interest rates indexed to money market conditions for a period of ten (10) years maturing in 2030. The loans are collateralised by negative pledge.

Issued debt (Bond) - In 2020, the company successfully issued its 1st bond of series 1, N10b out of its N30b bond issuance programme. The debt is an unsecured, amortising subordinated 5 year bond instrument. The Group has not had any defaulted in payment of principal and interest.

Commercial papers - In 2021, the Company issued several series of CPs. Series 3 to 4 matured in 2021 and was paid down during the year under review. The Company currently carries in its books Series 5, 6 and 7 CP with a face value of N19.73b with different maturity profiles.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	Group		Company	
	31 December 2021 =N=' 000	31 December 2020 =N=' 000	31 December 2021 =N=' 000	31 December 2020 =N=' 000
27 Other liabilities				
Bank overdraft	46,461	3,804	3,561	-
Creditors and accruals	1,472,846	1,633,739	768,089	85,830
Customers deposit	7,403,221	2,222,054	-	-
Other current liabilities	5,302,782	3,003,711	4,368,339	2,176,083
Dividend payable	-	820,000	-	-
	14,225,310	7,683,308	5,139,989	2,261,913
Current	14,225,310	7,683,308	5,139,989	2,261,913
Non-Current	-	-	-	-
	14,225,310	7,683,308	5,139,989	2,261,913
28 Current tax liabilities				
At 1 January	1,830,812	1,569,828	1,012,778	729,230
Charge for the period	701,356	716,111	99,006	469,630
Tax paid	(728,957)	(455,127)	(462,218)	(186,082)
Closing Balance	1,803,211	1,830,812	649,566	1,012,778
The charge for income tax in these financial statements is based on the provisions of the Companies Income Tax Act as amended, while Education Tax is based on Education Tax Act. We also have tax charged on information technology levy and police trust fund based on Police trust fund Act.				
29 Share capital				
The share capital comprises:				
(i) Authorised - 6,000,000,000 Ordinary shares of N0.5 each	3,000,000	3,000,000	3,000,000	3,000,000
(ii) Issued and fully paid - 6,000,000 Ordinary shares of N0.5 each	3,000,000	3,000,000	3,000,000	3,000,000
30 Share Premium				
Share premium balance	683,611	683,611	683,611	683,611
31 Retained earnings				
At 1 January	21,601,800	16,790,622	10,434,895	7,847,831
Transfer from profit or loss account	11,258,738	7,811,178	6,723,391	5,587,064
Dividend paid during the period (2021: N0.70k, 2020: N0.50k)	(4,200,000)	(3,000,000)	(4,200,000)	(3,000,000)
	28,660,538	21,601,800	12,958,286	10,434,895
32 Fair Value Reserves				
At 1 January	(858,932)	(888,394)	71,177	66,692
Arising during the period:				
Fair valuation on items that will not be subsequently reclassified to profit or loss (note 32.1)	11,839	424,310	-	-
Fair valuation on items that will be subsequently reclassified to profit or loss (note 32.2)	(950,263)	(394,848)	62,525	4,485
	(1,797,356)	(858,932)	133,702	71,177
32.1 Fair valuation on items that will not be subsequently reclassified to profit or loss				
Net fair value (loss)/gain on investments in quoted equity instruments measured at FVTOCI	11,839	424,310	-	-
Net fair value gain/(loss) on investments in unquoted equity instruments measured at FVTOCI	-	-	-	-
	11,839	424,310	-	-
32.2 Fair valuation on items that may be subsequently reclassified to profit or loss				
Net fair value gain/(loss) on investments in debt instruments measured at FVTOCI	-	-	-	-
Net fair value (loss)/gain on investments in other financial instruments measured at FVTOCI	(950,263)	(394,848)	62,525	4,485
	(950,263)	(394,848)	62,525	4,485

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

33 Related parties

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

33.1 Identity of related parties

	Relationship	%
United Capital Asset Management Limited	Subsidiary	100
United Capital Trustees Limited	Subsidiary	100
United Capital Securities Limited	Subsidiary	100
UC Plus Advance Limited	Subsidiary	100
United Capital Management Limited Ghana	Subsidiary	100
Heirs Insurance Limited	Associate	25
Heirs Life Assurance Limited	Associate	25

33.2 Key management personnel

Key management personnel constitutes those individuals who have the authority and the responsibility for planning, directing and controlling the activities of United Capital Plc, directly or indirectly, including any director (whether executive or non-executive). The individuals who comprise the key management personnel are the Board of Directors as well as certain key management and officers.

	Group		Company	
	31 December 2021 =N='000	31 December 2020 =N='000	31 December 2021 =N='000	31 December 2020 =N='000
33.3 Other information on key management personnel				
Emoluments:				
Chairman	8,050	7,308	1,750	1,750
Other Directors	61,645	35,409	9,311	9,908
	69,695	42,717	11,061	11,658
Fees	28,350	20,300	5,500	5,500
Other emoluments	41,345	22,417	5,561	6,158
	69,695	42,717	11,061	11,658
The total number of Directors were:	11	9	11	9

33.4 The number of persons employed (excluding directors) in the company during the period was as follows:

	103	94	11	10
--	-----	----	----	----

33.5 The table below shows the number of employees of the company that earned over N1,000,000.00 in the period and which fell within the bands stated below:

	31 December 2021	31 December 2020	31 December 2021	31 December 2020
N2,000,000 - N5,999,999	60	57	4	4
N6,000,000 - N7,999,999	15	12	2	2
N8,000,000 - N9,999,999	12	10	2	2
N10,000,000 and above	16	15	3	2
	103	94	11	10

33.6 Transactions with related companies

The following are the transactions and balances arising from dealings with subsidiaries of United Capital Group during the period.

	31 December 2021	31 December 2020
Placements		
United Capital Asset Management Limited	580,826	-
United Capital Trustees Ltd	1,541,966	-
UC Plus Advance Ltd	542,996	-
	2,665,788	-
Account receivables		
United Capital Asset Management Limited	1,348,735	927,229
United Capital Securities Limited	236,822	439,543
UC Plus Advance Limited	72,862	250,228
	1,658,419	1,617,000
Account payable		
United Capital Trustees Limited	113,799	68,022
United Capital Asset Management Limited	-	2,676,052
	113,799	2,744,074
Borrowings		
United Capital Asset Management Ltd	4,372,310	-
	4,372,310	-
Interest expense		
United Capital Trustees Limited	-	151,793
United Capital Asset Management Limited	262,966	538,165
	262,966	689,958
Interest income		
United Capital Asset Management Ltd	26,000	-
United Capital Trustees Ltd	41,254	-
UC Plus Advance Ltd	3,934	-
	71,188	-

34 Operating Segments

Segment information is presented in respect of the Group's geographic segments which represents the primary segment reporting format and is based on the Group's management and reporting structure. The Board of Directors, reviews the Group's performance along these business segments and resources are allocated accordingly.

Geographical segments

The Group operates in the following geographical regions:

- Nigeria:** This comprise the Head office in Lagos and regional offices in all geo-political zones
- Ghana:** The Group operates in Ghana under the name United Capital Management Limited

Business segments

Investment Banking: This business segment engage in the business of investment banking and provides issuing house, corporate investment advisory services, project finance, debt restructuring, mergers & acquisitions and debt capital markets

Asset Management: The principal activities of this business segment is to carry out the business of fund/portfolio manager and investment adviser.

Wealth Management: The principal activities of this business segment is to carry out wealth management activities that caters to institutions and High Net Worth clients.

Trustees: The principal activity of the Company is the provision of a wide range of quality trusteeship services tailored to meet the varying needs of its customers, such as debenture trust, bond trusteeship, trustees to collective investment scheme, private trusts and

Securities Trading: The principal activity of the Company is the provision of a wide range of quality stockbroking services tailored to meet the varying needs of its customers.

Consumer Finance: The principal activity of this business segment is to carry out consumer lending and engage in financing of micro, small and medium scale enterprises under the license of the Lagos State Government.

34.1 Summarised statement of consolidating segments	Investment banking	Asset Management	Ucap Investment Wealth Management	Trustees	Securities trading	Consumer finance	Eliminating items	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Income statement								
Gross earnings	8,238,600	7,638,050	973,517	3,752,983	1,786,484	504,052	(4,828,500)	18,065,185
Personnel expense	(262,727)	(562,092)	(58,753)	(470,457)	(234,381)	(30,675)	-	(1,619,084)
Other operating expense	(1,037,523)	(1,437,070)	(105,798)	(918,944)	(399,974)	(80,935)	111,609	(3,868,634)
Impairment charge/(writeback)	(147,155)	(119,748)	(13,105)	(211,070)	37,627	-	-	(453,451)
Total expense	(1,447,404)	(2,118,910)	(177,656)	(1,600,471)	(596,728)	(111,610)	111,609	(5,941,169)
Operating profit before tax	6,791,196	5,519,141	795,861	2,152,512	1,189,756	392,442	(4,716,892)	12,124,016
Share of (loss)/profit of associate	-	-	-	-	-	-	(206,414)	(206,414)
Profit before tax	6,791,196	5,519,141	795,861	2,152,512	1,189,756	392,442	(4,923,305)	11,917,602
Taxation	(67,805)	(249,920)	-	134,308	(343,942)	(131,504)	-	(658,863)
Profit after tax	6,723,391	5,269,220	795,861	2,286,821	845,814	260,938	(4,923,305)	11,258,739
Financial position								
Total assets	106,365,562	224,502,788	66,210,240	66,569,379	2,988,215	943,721	(13,981,950)	453,597,956
Total liabilities	89,589,963	220,214,582	65,092,136	59,937,478	1,127,485	611,051	(13,521,537)	423,051,159
Shareholders' fund	16,775,599	4,288,205	1,118,104	6,631,901	1,860,730	332,671	(460,415)	30,546,795

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**35 Events after reporting period**

The Directors are of the opinion that no event or transaction has occurred since the reporting date which would have had a material effect on the financial statement as at that date.

36 Contingent liabilities

The Group had no contingent liabilities during the period and no provision was made in financial statements during the period under review

37 Capital/financial commitments

The directors are of the opinion that all known liabilities and commitments which are relevant in assessing the state of affairs of the Group have been taken into account in the preparation of the financial statements. There are no commitments for capital expenditure authorised by the Directors which has not been provided for in the financial statements as at 31 December 2021.

38 Contraventions

The Group incurred a fine of N3m during the period under review (2020: NIL). The penalty was incurred by the Asset Management subsidiary in relation to delay in updating Director's details with Securities and Exchange Commission.

39 Securities Trading Policy

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

40 Litigation and claims

The Group is involved in cases with claims amounting to N152m (2020: N152m). Directors are of the opinion that the possibility of an outflow of resources embodying economic benefit is remote and as such no provision is required.

41 Impact of COVID 19

Since early 2020, the Coronavirus disease (COVID-19) outbreak across China and beyond has caused significant disruption to the society, impacting the business operations, employees and customers. It is an evolving situation that the Group is monitoring closely, and any impact will depend on future developments. The Group is unable to reliably estimate the future impact of covid-19, however, we are constantly monitoring and adapting to the current realities. During the lockdown of the country due to the virus, the Group was able to minimize the impact on operations by triggering the Business Continuity Plan; part of which is working remotely as well as reaching out to customers through our online platforms (InvestNow) and as a result of this, transactions are being executed successfully.

As the pandemic begins to wane and administration of vaccine begins to receive acceptability, the economy is starting to open up and business as started seeing some traction, United Capital has continued to leverage on technology to drive business performance to further improve on the record achieved in 2020.

Going into Q1 2021 there seemed to be a mixed outlook as the number of Covid cases continue to spike, consumer income continues to dwindle, speculations of another round of lockdown looming; on the other hand, confidence is growing on the back of the number of vaccines that are being subjected to clinical test with the hope that the globe will find a response to the covid virus. We however saw improved performance in our number in Q1.

The story in Q2 has been an improvement over Q1 performance as we begin to open our business more to physical engagements whilst we continued to leverage on Technology to reach our clients who have become a lot more comfortable with our InvestNow platform.

As a Group, we continued to remain nimble and focused as we tapped into the opportunities this pandemic presented whilst we increased our risk management focus to ensure we are not significantly impacted by all the hazards that Covid-19 presented in 2021.

Other Financial Information

VALUE ADDED STATEMENT

For The Year Ended 31 December 2021

	Group				Company			
	2021 =N=' 000	%	2020 =N=' 000	%	2021 =N=' 000	%	2020 =N=' 000	%
Gross earnings	18,065,183		12,873,897		8,238,600		7,560,671	
Share of (loss)/profit in associates	(206,413)		-		-		-	
Operating expenses: Local	(3,603,031)		(2,616,760)		(778,977)		(719,903)	
VALUE ADDED	<u>14,255,739</u>	100%	<u>10,257,137</u>	100%	<u>7,459,622</u>	100%	<u>6,840,768</u>	100%
Applied as follows:								
To pay employees:								
Salaries and other benefits	1,588,410	11%	1,351,050	13%	262,727	4%	319,186	5%
To pay Government:								
Taxes	701,356	5%	716,111	7%	99,006	1%	469,630	7%
Retained for future replacement of assets and expansion of business:								
- Deferred tax	(42,493)	0%	(579,619)	-6%	(31,201)	0%	(229,624)	-3%
- Depreciation	204,408	1%	202,220	2%	171,513	2%	167,659	2%
- Amortisation	91,871	1%	84,305	0.8%	87,032	1%	82,285	1.2%
- Impairment loss	453,451	3%	671,892	7%	147,155	2%	444,568	6%
- Retained profit for the year	11,258,738	79%	7,811,178	76%	6,723,391	90%	5,587,064	82%
	<u>14,255,739</u>	100%	<u>10,257,137</u>	100%	<u>7,459,622</u>	100%	<u>6,840,768</u>	100%

Value added represents the additional wealth which the company has been able to create on its own and employees' efforts. The statement shows the allocation of that wealth between the employees, government and that retained by the company for the future creation of more wealth.

Other Financial Information

5 Year Financial Summary - Group

	December 2021 =N=' 000	December 2020 =N=' 000	December 2019 =N=' 000	December 2018 =N=' 000	December 2017 =N=' 000
ASSETS					
Cash and cash equivalents	53,661,848	43,420,443	30,132,099	35,186,157	25,081,054
Investment in financial assets	363,647,252	145,148,841	94,142,345	88,182,725	87,244,678
Trade and other receivables	30,919,246	28,472,742	25,528,546	24,545,883	23,530,983
Rights of use assets	212,819	283,694	312	-	-
Intangible assets	78,595	42,015	43,771	14,993	24,736
Investments in associates	4,293,587	4,500,000	-	-	-
Property and equipment	471,852	565,824	357,118	301,351	248,155
Deferred tax assets	312,755	314,736	260,184	465,955	465,955
TOTAL ASSETS	453,597,954	222,748,295	150,464,375	148,697,064	136,595,561
LIABILITIES					
Managed Funds	327,249,024	116,019,077	72,379,297	75,685,719	70,492,088
Borrowed funds	79,691,116	72,661,645	50,876,737	49,163,296	41,412,677
Other liabilities	14,225,310	7,683,308	5,400,633	4,846,405	5,661,473
Current tax liabilities	1,803,211	1,830,812	1,569,828	1,923,707	2,262,424
Deferred tax liabilities	82,500	126,974	652,041	1,243,930	219
TOTAL LIABILITIES	423,051,161	198,321,815	130,878,536	132,863,057	119,828,881
EQUITY					
Share capital	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Share premium	683,611	683,611	683,611	683,611	683,611
Retained earnings	28,660,538	21,601,800	16,790,622	13,817,203	14,608,581
Other reserves	(1,797,356)	(858,932)	(888,394)	(1,666,807)	(1,525,512)
SHAREHOLDER'S FUND	30,546,793	24,426,479	19,585,839	15,834,007	16,766,680
TOTAL LIABILITIES AND EQUITY	453,597,954	222,748,294	150,464,375	148,697,064	136,595,561
	0	0	(0)	0	(0)

Other Financial Information

5 Year Financial Summary - Company

	December 2021 =N=' 000	December 2020 =N=' 000	December 2019 =N=' 000	December 2018 =N=' 000	December 2017 =N=' 000
ASSETS					
Cash and cash equivalents	6,951,413	12,196,469	2,401,282	2,125,972	3,003,858
Investment in financial assets	58,599,896	40,456,026	35,071,034	33,335,015	29,249,603
Trade and other receivables	29,889,598	27,476,909	24,558,776	24,116,058	19,371,356
Dividend receivable from subsidiaries	4,828,500	3,670,000	2,520,000	1,711,111	2,400,000
Rights of use assets	212,819	283,694	312	-	-
Intangible assets	68,151	39,032	38,768	7,970	16,376
Investments in subsidiaries	901,000	901,000	901,000	900,000	900,000
Investments in associates	4,500,000	4,500,000	-	-	-
Property and equipment	414,185	487,457	269,384	227,207	168,192
Deferred tax	-	-	-	134,039	134,039
TOTAL ASSETS	106,365,563	90,010,587	65,760,556	62,557,372	55,243,424
LIABILITIES					
Borrowed funds	83,717,908	72,432,512	50,876,737	49,163,296	41,412,677
Other liabilities	5,139,989	2,261,913	2,213,132	1,589,507	1,808,500
Current tax liabilities	649,566	1,012,778	729,230	1,068,504	1,063,309
Deferred tax liabilities	82,500	113,701	343,324	186,906	-
TOTAL LIABILITIES	89,589,963	75,820,904	54,162,423	52,008,213	44,284,486
EQUITY					
Share capital	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Share premium	683,611	683,611	683,611	683,611	683,611
Retained earnings	12,958,286	10,434,895	7,847,830	6,811,757	7,204,066
Other reserves	133,702	71,177	66,692	53,791	71,261
SHAREHOLDER'S FUND	16,775,599	14,189,683	11,598,133	10,549,159	10,958,938
TOTAL LIABILITIES AND EQUITY	106,365,562	90,010,587	65,760,556	62,557,372	55,243,424

5 Year Financial Summary - Group

	2021 =N=' 000	2020 =N=' 000	2019 =N=' 000	2018 =N=' 000	2017 =N=' 000
Gross earnings	18,065,183	12,873,897	8,591,929	9,259,398	8,915,487
Gross operating expenses	(5,941,169)	(4,926,227)	(3,642,209)	(3,038,151)	(3,367,657)
Share of profit of equity accounted investee	-	-	-	-	-
Operating profit before income tax	12,124,014	7,947,670	4,949,720	6,221,247	5,547,830
Share of (loss)/profit in associate companies	(206,413)	-	-	-	-
Profit before income tax	11,917,601	7,947,670	4,949,720	6,221,247	5,547,830
Income tax write back/(expense)	(658,863)	(136,492)	23,699	(1,883,257)	(1,185,525)
Profit for the year from continuing operations	11,258,738	7,811,178	4,973,419	4,337,990	4,362,305
Other comprehensive income for the year	(938,423)	29,462	778,413	23,843	1,178,510
Total comprehensive income for the year	10,320,315	7,840,640	5,751,832	4,361,833	5,540,815
Earnings per share-basic (kobo)	188	130	83	72	73

5 Year Financial Summary - Company

	2021 =N=' 000	2020 =N=' 000	2019 =N=' 000	2018 =N=' 000	2017 =N=' 000
Gross earnings	8,238,600	7,560,671	4,930,671	3,988,933	4,881,934
Gross operating expenses	(1,447,404)	(1,733,601)	(1,494,323)	(696,434)	(1,005,855)
Operating profit before income tax	6,791,195	5,827,070	3,436,348	3,292,499	3,876,079
Share of (loss)/profit in associate companies	-	-	-	-	-
Profit before income tax	6,791,195	5,827,070	3,436,348	3,292,499	3,876,079
Income tax expense	(67,805)	(240,006)	(400,275)	(588,796)	(401,757)
Profit for the year from continuing operations	6,723,390	5,587,064	3,036,073	2,703,703	3,474,322
Other comprehensive income for the year	62,525	4,485	12,901	(17,470)	115,136
Total comprehensive income for the year	6,785,915	5,591,549	3,048,974	2,686,233	3,589,458
Earnings per share-basic (kobo)	112	93	51	45	58