

**AFRICA PRUDENTIAL REGISTRARS PLC**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

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**AFRICA PRUDENTIAL REGISTRARS PLC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2013**

| <b>ASSETS</b>                        | <b>Notes</b> | <b>Group<br/>2013<br/>N'000</b> | <b>Company<br/>2013<br/>N'000</b> | <b>Company<br/>2012<br/>N'000</b> |
|--------------------------------------|--------------|---------------------------------|-----------------------------------|-----------------------------------|
| <b>Non-current assets</b>            |              |                                 |                                   |                                   |
| Property, plant and equipments       | 14           | 153,981                         | 152,074                           | 171,479                           |
| Deposit for investment               | 12           | 3,748,000                       | 3,748,000                         | -                                 |
| Investment in subsidiary             | 3.13         | -                               | 750,000                           | -                                 |
| Intangible asset                     | 15           | 9,722                           | 9,722                             | 325                               |
| Goodwill                             | 27           | 468,000                         | -                                 | -                                 |
| <b>Total non-current assets</b>      |              | <b>4,379,703</b>                | <b>4,659,796</b>                  | <b>171,804</b>                    |
| <b>Current assets</b>                |              |                                 |                                   |                                   |
| Cash and cash equivalents            | 9            | 9,212,536                       | 6,688,373                         | 4,138,829                         |
| Financial assets (held to maturity)  | 10           | 2,392,143                       | 2,392,143                         | 4,059,247                         |
| Trade and other receivables          | 11 (b)       | 426,614                         | 388,428                           | 38,573                            |
| Other assets                         |              | -                               | -                                 | 2,528                             |
| Inventory                            | 14           | 13,206                          | 13,206                            | 15,256                            |
| <b>Total current assets</b>          |              | <b>12,044,499</b>               | <b>9,482,150</b>                  | <b>8,254,433</b>                  |
| <b>Total assets</b>                  |              | <b>16,424,202</b>               | <b>14,141,946</b>                 | <b>8,426,237</b>                  |
| <b>EQUITY AND LIABILITIES</b>        |              |                                 |                                   |                                   |
| <b>Capital and reserves</b>          |              |                                 |                                   |                                   |
| Share capital                        | 21           | 1,000,000                       | 1,000,000                         | 500,000                           |
| Share premium                        | 21           | 624,446                         | 624,446                           | -                                 |
| Retained earnings                    | 22           | 2,709,036                       | 2,650,728                         | 1,869,232                         |
| <b>Total equity</b>                  |              | <b>4,333,482</b>                | <b>4,275,174</b>                  | <b>2,369,232</b>                  |
| <b>Non-current liabilities</b>       |              |                                 |                                   |                                   |
| Deferred tax liabilities             | 20           | 328                             | -                                 | -                                 |
| <b>Total non-current liabilities</b> |              | <b>328</b>                      | <b>-</b>                          | <b>-</b>                          |
| <b>Current liabilities</b>           |              |                                 |                                   |                                   |
| Creditors and accruals               | 16           | 470,270                         | 415,258                           | 390,852                           |
| Customers' deposits                  | 17           | 11,202,446                      | 9,132,901                         | 5,480,483                         |
| Taxation                             | 19           | 417,676                         | 318,613                           | 185,670                           |
| <b>Total current liabilities</b>     |              | <b>12,090,392</b>               | <b>9,866,772</b>                  | <b>6,057,005</b>                  |
| <b>Total liabilities</b>             |              | <b>12,090,720</b>               | <b>9,866,772</b>                  | <b>6,057,005</b>                  |
| <b>Total equity and liabilities</b>  |              | <b>16,424,202</b>               | <b>14,141,946</b>                 | <b>8,426,237</b>                  |

The financial statements were approved by the Board  
of Directors on 2014 and signed on its  
behalf by:

**By Order of the Board**

  
FRC/2013/IODN/00000002718 } **Eniola Fadayomi**

  
FRC/2013/ICAN/00000002719 } **Ashade Peter**

  
FRC/2013/ICAN/00000002720 } **Adenuga Olufemi**

**AFRICA PRUDENTIAL REGISTRARS PLC**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

|                                                                   | Notes | Group<br>2013<br>N'000 | Company<br>2013<br>N'000 | 2012                  |
|-------------------------------------------------------------------|-------|------------------------|--------------------------|-----------------------|
| <b>Revenue</b>                                                    | 5     | 1,854,276              | 1,489,015                | 1,034,068             |
| Net reversal of impairment /(impairment loss on financial assets) | 6     | (11,476)               | (11,476)                 | 4,468                 |
| Personnel expenses                                                | 7     | (170,719)              | (144,450)                | (83,027)              |
| Depreciation and amortization                                     |       | (27,739)               | (23,340)                 | (15,619)              |
| Other expenses                                                    | 8     | <u>(432,156)</u>       | <u>(344,311)</u>         | <u>(272,348)</u>      |
| <b>Total expenses</b>                                             |       | (642,090)              | (523,577)                | (366,526)             |
| Profit before tax                                                 |       | 1,212,186              | 965,438                  | 667,542               |
| Tax expense                                                       | 19    | <u>297,730</u>         | <u>206,579</u>           | <u>105,890</u>        |
| <b>Profit after tax</b>                                           |       | <b><u>914,456</u></b>  | <b><u>758,859</u></b>    | <b><u>561,651</u></b> |
| <b>Total comprehensive income for the year</b>                    |       | <b><u>914,456</u></b>  | <b><u>758,859</u></b>    | <b><u>561,651</u></b> |
| <b>Earning per share- Basic</b>                                   |       | <b><u>46</u></b>       | <b><u>38</u></b>         | <b><u>56</u></b>      |

The notes on pages 5 to 25 form part of these financial statements.

**AFRICA PRUDENTIAL REGISTRARS PLC**

**Statement of cash flows**

**For the year ended 31 December 2013**

|                                                             |              | <b>Group</b>            | <b>Company</b>          | <b>Company</b>            |
|-------------------------------------------------------------|--------------|-------------------------|-------------------------|---------------------------|
|                                                             | <b>Notes</b> | <b>2013</b>             | <b>2013</b>             | <b>2012</b>               |
|                                                             |              | <b>N'000</b>            | <b>N'000</b>            | <b>N'000</b>              |
| <b>Cash flows from operating activities</b>                 |              |                         |                         |                           |
| Profit after tax                                            |              | 914,456                 | 758,859                 | 561,651                   |
| Adjustments to reconcile net cash provided:                 |              |                         |                         |                           |
| Depreciation                                                | 14           | 27,738                  | 23,340                  | 15,619                    |
| Allowances for doubtful debts                               | 11.1         | 11,476                  | 11,476                  | (4,468)                   |
| Income tax expense                                          | 19           | 297,730                 | 206,579                 | -                         |
| Loss on sale of PPE                                         |              | 6,010                   | -                       | -                         |
| Allowance on inventory                                      |              | 2,478                   | 2,478                   | -                         |
|                                                             |              | <u>1,259,888</u>        | <u>1,002,732</u>        | <u>555,633</u>            |
| <b>Changes in assets and liabilities:</b>                   |              |                         |                         |                           |
| Financial assets                                            |              | 1,667,104               | 1,667,104               | (4,059,247)               |
| Debtors and prepayments                                     |              | (361,331)               | (361,331)               | (11,327)                  |
| Customer deposits                                           |              | 4,301,290               | 3,652,418               | (6,216)                   |
| Creditors and accruals                                      |              | 72,942                  | 24,406                  | (279,105)                 |
| Other assets                                                |              | 2,528                   | 2,528                   | -                         |
| <b>Net cash from/(used in) operating activities</b>         |              | <u><b>6,942,421</b></u> | <u><b>5,987,857</b></u> | <u><b>(3,795,664)</b></u> |
| <b>Cash flows from investing activities</b>                 |              |                         |                         |                           |
| Purchase of property, plant & equipment                     | 14           | (56,600)                | (56,600)                | (117,242)                 |
| Proceed from disposal of asset                              |              | 2,623                   | 2,260                   | -                         |
| Deposit for investment                                      |              | (3,748,000)             | (3,748,000)             | -                         |
| Investment in subsidiary                                    |              | (750,000)               | (750,000)               | -                         |
| Income Tax Paid                                             |              | (60,646)                | -                       | -                         |
| Acquisition of intangible asset                             | 15           | (10,419)                | (10,419)                | -                         |
| Net cash used in investing activities                       |              | <u>(4,623,042)</u>      | <u>(4,562,759)</u>      | <u>(117,242)</u>          |
| <b>Cash flow from financing activities</b>                  |              |                         |                         |                           |
| Share capital                                               |              | 500,000                 | 500,000                 | -                         |
| Share premium                                               |              | 624,446                 | 624,446                 | -                         |
| Net cash flow from financing activities                     |              | <u>1,124,446</u>        | <u>1,124,446</u>        | <u>-</u>                  |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |              | <u>3,443,825</u>        | <u>2,549,544</u>        | <u>(3,912,904)</u>        |
| <b>Cash and cash equivalents at 1 January</b>               |              | <u>5,768,711</u>        | <u>4,138,829</u>        | <u>8,051,733</u>          |
| <b>Cash and cash equivalents at 31 December</b>             | 24           | <u><b>9,212,536</b></u> | <u><b>6,688,373</b></u> | <u><b>4,138,829</b></u>   |

# AFRICA PRUDENTIAL REGISTRARS PLC

## STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2013

### 31 December 2013 (Group)

|                                      | Revaluation<br>Reserve<br>N'000 | Share<br>Premium<br>N'000 | Share<br>capital<br>N'000 | Retained<br>earnings<br>N'000 | Total<br>equity<br>N'000 |
|--------------------------------------|---------------------------------|---------------------------|---------------------------|-------------------------------|--------------------------|
| Balance, beginning of the year       | -                               | -                         | 500,000                   | 1,869,232                     | 2,369,232                |
| Profit for the year/Share Issue      | 22,637                          | 624,446                   | 500,000                   | 914,456                       | 2,061,539                |
| Arising on Acquisition of Subsidiary | -                               | -                         | -                         | (97,289)                      | (97,289)                 |
| <b>Balance, end of the year</b>      | <b>22,637</b>                   | <b>624,446</b>            | <b>1,000,000</b>          | <b>2,686,399</b>              | <b>4,333,482</b>         |

### 31 December 2013 (Company)

|                                 | Revaluation<br>Reserve<br>N'000 | Share<br>Premium<br>N'000 | Share<br>capital<br>N'000 | Retained<br>earnings<br>N'000 | Total<br>equity<br>N'000 |
|---------------------------------|---------------------------------|---------------------------|---------------------------|-------------------------------|--------------------------|
| Balance, beginning of the year  | -                               | -                         | 500,000                   | 1,869,233                     | 2,369,233                |
| Profit for the year/Share Issue | 22,637                          | 624,446                   | 500,000                   | 965,438                       | 2,112,521                |
| <b>Balance, end of the year</b> | <b>22,637</b>                   | <b>624,446</b>            | <b>1,000,000</b>          | <b>2,834,671</b>              | <b>4,481,754</b>         |

### 31 December 2012

|                                 | Revaluation<br>Reserve<br>N'000 | Share<br>Premium<br>N'000 | Share<br>capital<br>N'000 | Retained<br>earnings<br>N'000 | Total<br>equity<br>N'000 |
|---------------------------------|---------------------------------|---------------------------|---------------------------|-------------------------------|--------------------------|
| Balance, beginning of the year  | -                               | -                         | 500,000                   | 1,307,581                     | 1,807,581                |
| Profit for the year             | -                               | -                         | -                         | 561,651                       | 561,651                  |
| <b>Balance, end of the year</b> | <b>-</b>                        | <b>-</b>                  | <b>500,000</b>            | <b>1,869,233</b>              | <b>2,369,233</b>         |

# AFRICA PRUDENTIAL REGISTRARS PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### 1. Corporate information

Africa Prudential Registrars Plc (formerly UBA Registrars Ltd) was incorporated as a private limited liability company on 23rd March 2006 to take over the registrar services formally operated as a department by its former parent - UBA Global Market Limited. The company was listed on 11 January, 2013.

The company renders share registration services to both public and private companies. The company's registered office address is 220B, Ikorodu Road, Palmgrove, Lagos Nigeria.

#### Statement of Compliance

The financial statements of the entity have been prepared in accordance with International Financial Reporting Standard (IFRS) as issued by the IASB

#### Accounting convention

The financial statements have been prepared on a historical cost basis, except for financial assets held to maturity carried at amortized cost.

#### Financial period

These financial statements cover the financial year from 1 January to 31 December 2013, with comparative figures for the financial year from 1 January to 31 December 2012.

#### Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries).

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between: (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and; (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement, or when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

### 2 Adoption of new and revised standards

#### 2.1 Accounting standards and interpretations issued but not yet effective

The following contains effective dates of new and revised International Financial Reporting Standards and International

Accounting Standards which have not been early adopted by the company and that might affect future reporting periods.

- IFRS 9 Financial Instruments (effective on or after 1 January 2015)
- Amendment to IFRS 10, 12 and IAS 27 Investment Entities (effective after 1 January, 2014)
- Amendment to IAS 32 Offsetting Financial Assets and Financial Liability (effective after 1 January, 2014)

#### 2.2 Early adoption of Standards and Interpretations

The company has not early adopted any standards or interpretations during the current year

#### 2.3 Standards and Interpretations effective in the current year

The following new and revised Standards and interpretations effective from January 1, 2013 have been adopted in the current year and have primarily affected the disclosure in these financial statements

- IAS 27 *Separate Financial Statements* (effective on or after 1 January 2013)
- IAS 28 *Investments in Associates and Joint Ventures* (effective on or after 1 January 2013)
- IFRS 10 *Consolidated Financial Statements* (effective on or after 1 January 2013)
- IFRS 13 *Fair Value Measurement* (effective on or after 1 January 2013)

# **AFRICA PRUDENTIAL REGISTRARS PLC**

## **NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2013**

### **3. Significant accounting policies**

#### **3.1 Statement of compliance**

The financial report of Africa Prudential Registrars have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

#### **3.2 Basis of preparation**

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

##### **The use of critical judgements and accounting estimates**

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

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment are disclosed.

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

#### **3.3 Going concern**

The financial statements have been prepared on a going concern basis, which assumes that the entity will be able to meet its financial obligations as at when they fall due

There are no significant financial obligations that will impact on the entity's resources which will affect the going concern of the entity.

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

#### **3.4 Revenue recognition**

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income, including account servicing fees, investment management and other fiduciary activity fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed.

Other fees and commission expenses relates mainly to transaction and service fees, which are expensed as the services are received.

# **AFRICA PRUDENTIAL REGISTRARS PLC**

## **NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2013**

### **3.5 Income tax expense**

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

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

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

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

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

### **3.6 Financial instruments**

#### **3.6.1 Initial recognition and measurement**

Financial assets within the scope of IAS 39 are classified as, fair value through profit or loss (FVTPL), available for sale (AFS), loans and receivables and held to maturity investments as appropriate. The company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The classification depends on the purpose for which the investments were acquired or originated.

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

The company's financial assets include cash and cash equivalents, fixed deposits, treasury bills, government bonds, trade and other receivables and loans.

# AFRICA PRUDENTIAL REGISTRARS PLC

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2013

### 3.6.2 Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

#### **a Financial assets at fair value through profit and loss**

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the company as fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Financial assets held for trading consist of debt instruments and equity instruments, as well as financial assets with embedded derivatives. Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the income statement. The instruments are derecognised when the rights to receive cash flows have expired or the company has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognising.

Financial assets carried at fair value through profit/loss are recognised in the statement of financial position as 'Financial assets designated at fair value'. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in the income statement

#### **b Loans and other receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognized at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, loans and receivables are measured at amortized cost, using the Effective Interest Rate, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the Effective Interest Rate. The Effective Interest Rate amortization is included in interest income in the income statement.

#### **Held to maturity financial assets**

- c** Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the company has the intention and ability to hold until maturity. After initial measurement, held to maturity financial assets are measured at amortized cost, using the Effective Interest Rate, less impairment. The Effective Interest Rate amortization is included in 'investment income' in the income statement. Gains and losses are recognized in the income statement when the investments are derecognized or impaired, as well as through the amortization process.

# AFRICA PRUDENTIAL REGISTRARS PLC

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2013

### d Available-for-sale financial assets

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

Available-for-sale financial assets are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in the statement of comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the statement of comprehensive income is recognised in the income statement. However, interest is calculated using the effective interest method, and foreign currency gains and losses on monetary assets classified as available for sale are recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement in 'Dividend income' when the company's right to receive payment is established.

### e Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

The excess of the cost of acquisition over the value of the share of the identifiable net assets is recorded as goodwill. If the cost of acquisition is less than the value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of profit or loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the consolidated statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

### 3.7 Derecognition of financial assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired or
- The company retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - The company has transferred substantially all the risks and rewards of the asset or
  - The company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the company's continuing involvement in the asset.

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

In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

## AFRICA PRUDENTIAL REGISTRARS PLC

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2013

#### **a Impairment of financial assets**

##### *Assets carried at amortised cost*

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

The following factors are considered in assessing objective evidence of impairment:

- (i) Whether the client company is more than 90 days past due;
- (ii) The entity consents to a restructuring of the obligation, resulting in a diminished financial obligation, demonstrated by a material forgiveness of debt or postponement of scheduled payments; or
- (iii) There is an observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets, although the decrease cannot yet be identified with specific individual financial assets.

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

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

Subsequent to initial recognition, the fair values are remeasured at each reporting date. All gains and losses arising from changes therein are recognised in profit or loss in 'net trading income' for trading assets.

Interest earned and dividends received while holding trading assets at fair value through profit or loss are included in net trading income. Trading assets are not reclassified subsequent to their initial recognition.

# AFRICA PRUDENTIAL REGISTRARS PLC

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2013

### 3.8 Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with the Central Bank and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the entity in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

### 3.9 Property and equipment

#### (i) Recognition and measurement

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

#### (ii) Subsequent costs

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

#### (iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

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

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

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

#### (iv) De-recognition

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

## AFRICA PRUDENTIAL REGISTRARS PLC

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2013

#### 3.10 Intangible assets

##### Software

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

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

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

#### 3.11 Provisions

A provision is recognised if, as a result of a past event, the entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### 3.12 Inventories

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

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

#### 3.13 Investment in subsidiary

The financial statements incorporate the financial statements of subsidiary undertaking. By virtue of acquisition of 100% holdings in UAC Registrars effective from 30th of May 2013 and Africa Prudential Registrars' ability to influence decision making and returns on its investment, the entity has determined the existence of control. Therefore, the directors of the Company concluded that the Group has the practical ability to direct the relevant activities of UAC Registrars unilaterally and hence the Group has control over UAC Registrars Limited.

The company uses the acquisition method to account for business combinations. The cost of an acquisition is measured as the market value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their market values at acquisition date, irrespective of the extent of any non-controlling interest.

Detail of the Company's subsidiary at 31 December, 2013 is stated below

| Name of Subsidiary     | Place of Incorporation | Principal Activity | Proportion of ownership and voting interest held by the group |            |
|------------------------|------------------------|--------------------|---------------------------------------------------------------|------------|
|                        |                        |                    | 31/12/2013                                                    | 31/12/2012 |
| UAC Registrars Limited | Nigeria                | Share Registration | 100%                                                          | Nil        |

# AFRICA PRUDENTIAL REGISTRARS PLC

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

### 3.14 Employee benefits

Post-employment benefits

*Defined contribution plans*

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

### 3.15 Share capital and reserves

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

### 3.16 Earnings per share

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

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

## 4 Financial Risks Management

The entity has exposure to the following risks:

### (a) Credit Risk

Credit risk is the risk of financial loss to the entity if a client company or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the entity's receivables from client companies and investment securities.

The carrying amount of financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was as follows:

| Carrying Amount                     | 2013<br>Group<br>N'000 | 2013<br>Company<br>N'000 | 2012<br>Company<br>N'000 |
|-------------------------------------|------------------------|--------------------------|--------------------------|
| Trade and other receivables         | 426,614                | 388,428                  | 1,011,367                |
| Cash and cash equivalents           | 6,688,346              | 6,688,373                | 7,514,059                |
| Financial assets - Held to maturity | 2,392,143              | 2,392,143                | -                        |
|                                     | <b>9,507,103</b>       | <b>9,468,944</b>         | <b>8,525,426</b>         |

# AFRICA PRUDENTIAL REGISTRARS PLC

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2013

|                                       | <b>Group<br/>2013<br/>N'000</b> | <b>Company<br/>2013<br/>N'000</b> | <b>Company<br/>2012<br/>N'000</b> |
|---------------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| <b>5 Revenue</b>                      |                                 |                                   |                                   |
| Fees and commission income (note 5.1) | 774,721                         | 658,085                           | 95,897                            |
| Net investment income (note 5.2)      | 937,730                         | 724,073                           | 828,747                           |
| Other income (note 5.3)               | 141,825                         | 106,857                           | 109,424                           |
|                                       | <b><u>1,854,276</u></b>         | <b><u>1,489,015</u></b>           | <b><u>1,034,068</u></b>           |

### 5.1 Fees and commission income

Fees and commission income comprises fixed periodic administration fees, transaction processing fees, fees for managing corporate actions, fees for professional and IT services and fees earned on the administration of client funds which is value added tax inclusive. Periodic administration fees are recognised evenly over the service period. Transaction based fees are recognised at the time of processing the related transactions. Revenues from corporate actions are recognised in line with the stage of completion and fees in relation to administration of client funds are recognised as they accrue.

### 5.2 Net investment income

Net investment income includes investment income from bonds held to maturity, treasury bills, dividends and amortization of discount on bonds.

### 5.3 Other income

This comprises of income earned from search fees, photocopies, over-provisions written back and extra-ordinary activities of the entity

|                                                           | <b>Group<br/>2013<br/>N'000</b> | <b>Company<br/>2013<br/>N'000</b> | <b>Company<br/>2012<br/>N'000</b> |
|-----------------------------------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| <b>6 Impairment loss on financial assets</b>              |                                 |                                   |                                   |
| Impairment losses on loans and advances                   | 11,476                          | 11,476                            | -                                 |
| Recoveries on other assets                                | -                               | -                                 | 4,468                             |
| <b>Net reversal/(impairment loss) on financial assets</b> | <b><u>11,476</u></b>            | <b><u>11,476</u></b>              | <b><u>4,468</u></b>               |

### 7 Personnel expenses

|                                             |                       |                       |                      |
|---------------------------------------------|-----------------------|-----------------------|----------------------|
| Wages and salaries                          | 167,147               | 140,878               | 81,355               |
| Contributions to defined contribution plans | 3,572                 | 3,572                 | 1,671                |
|                                             | <b><u>170,719</u></b> | <b><u>144,450</u></b> | <b><u>83,026</u></b> |

### 8 Other operating expenses

|                                    |                       |                       |                       |
|------------------------------------|-----------------------|-----------------------|-----------------------|
| Other premises and equipment costs | 39,356                | 29,339                | 20,395                |
| Auditors remuneration              | 9,538                 | 7,350                 | 5,000                 |
| Professional fees                  | 3,788                 | 2,525                 | 11,120                |
| General administrative expenses    | 379,474               | 305,097               | 235,833               |
|                                    | <b><u>432,156</u></b> | <b><u>344,311</u></b> | <b><u>272,348</u></b> |

### 9 Cash and cash equivalents

|                            |                         |                         |                         |
|----------------------------|-------------------------|-------------------------|-------------------------|
| Cash in hand               | 179                     | 179                     | 27                      |
| Current account with banks | 604,095                 | 546,703                 | 527,333                 |
| Short term deposits        | 8,608,262               | 6,141,491               | 3,611,469               |
|                            | <b><u>9,212,536</u></b> | <b><u>6,688,373</u></b> | <b><u>4,138,829</u></b> |

## AFRICA PRUDENTIAL REGISTRARS PLC

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

#### (b) Ageing of past due but not impaired receivables

The ageing of trade and other receivables at the reporting date that were not impaired was as follows:

|                                | <b>Group</b>   | <b>Company</b> | <b>Company</b> |
|--------------------------------|----------------|----------------|----------------|
| Neither past due nor impaired: | <b>2013</b>    | <b>2013</b>    | <b>2012</b>    |
|                                | <b>N'000</b>   | <b>N'000</b>   | <b>N'000</b>   |
| Past due 1-60 days             | 14,071         | 7,051          | 8,643          |
| Past due 61-90 days            | 4,946          | 1,449          | 818            |
| Past due 91-180 days           | 30,845         | 4,995          | 4,536          |
| Past due 181 and above         | 69,272         | 28,974         | 26,154         |
|                                | <b>119,135</b> | <b>42,468</b>  | <b>40,151</b>  |

#### (c) Liquidity Risk

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

The Group uses activity based costing to cost its products and services, which assists in monitoring cash flow requirements and optimising its cash returns on investments. The Group aims to maintain the level of its cash and cash equivalents. The ratio of investments to outflows was 2.08 as at 31 December, 2013 (31 December 2012 :1.75) The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

#### (d) Market Risk

This is the risk that the Group's processes and operations may not keep up with industry developments and lead to a loss of patronage and clients. Mitigating the risk is the fact that Africa Prudential Registrars has been involved in a number of Research and Development initiatives in order to keep abreast of technological developments and business opportunities in its area of operation. Africa Prudential Registrars will continually research into ways of improving efficiency in its operations increase market share, enhance profitability and maximize returns to shareholders.

#### (e) Capital Management

The Group is focused on delivering value for its shareholders whilst ensuring the Group is able to continue effectively as a going concern. Value adding opportunities to grow the business are continually assessed, although strict and careful criteria are applied.

The Policies for managing capital are to increase shareholder value by maximising profits and cash. The policy is to set budgets and forecasts into the short and medium term that the Group ensures are achievable. The process for managing capital are regular reviews of financial data to ensure that the Group is tracking the targets set and to reforecast as necessary based on the most up to date information while maintaining a sustainable generation of free cash flow in operations to fund steady growth.

# AFRICA PRUDENTIAL REGISTRARS PLC

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2013

|                                                | Group<br>2013<br>N'000 | Company<br>2013<br>N'000 | Company<br>2012<br>N'000 |
|------------------------------------------------|------------------------|--------------------------|--------------------------|
| <b>Maturity profile of short term deposits</b> |                        |                          |                          |
| At call                                        | 1,412,242              | 1,412,242                | 31,298                   |
| 0 - 30 days                                    | 2,708,783              | 242,012                  | 70,000                   |
| 30 - 60 days                                   | 3,787,237              | 3,787,237                | 2,810,171                |
| 60 - 90 days                                   | 700,000                | 700,000                  | 700,000                  |
|                                                | <u>8,608,262</u>       | <u>6,141,491</u>         | <u>3,611,469</u>         |

Cash and short term deposit in the statement of financial position comprise cash at bank and in hand and short term deposit with an original maturity of three months or less. The fair value of cash and cash equivalents equates their carrying amount.

|                                    |                                 |                                   |                                   |
|------------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| <b>10 Financial assets</b>         | <b>Group<br/>2013<br/>N'000</b> | <b>Company<br/>2013<br/>N'000</b> | <b>Company<br/>2012<br/>N'000</b> |
| <b>Available for Sale</b>          | 236,339                         | 236,339                           | -                                 |
| <b>Held to maturity</b>            |                                 |                                   |                                   |
| Fixed income securities            | -                               | -                                 | 1,040,027                         |
| Edo State Government Bond 2017     | 1,074,430                       | 1,074,430                         | 1,158,357                         |
| Bayelsa State Government Bond 2017 | 1,081,374                       | 1,081,374                         | 1,514,770                         |
| Treasury Bills                     | -                               | -                                 | 346,093                           |
|                                    | <u>2,392,143</u>                | <u>2,392,143</u>                  | <u>4,059,247</u>                  |

State Government Bonds of Edo and Bayelsa and Treasury bills are held to maturity and accounted for at amortised cost.

|                                               |                                 |                                   |                                   |
|-----------------------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| <b>11 Trade and other receivables</b>         | <b>Group<br/>2013<br/>N'000</b> | <b>Company<br/>2013<br/>N'000</b> | <b>Company<br/>2012<br/>N'000</b> |
| Trade debtors                                 | 119,138                         | 42,467                            | 40,151                            |
| Sundry debtors                                | 308,251                         | 305,856                           | 18,726                            |
| Prepayments (Note 11(a))                      | 40,847                          | 38,131                            | -                                 |
| Staff Loans                                   | 42,040                          | 42,040                            | 8,286                             |
|                                               | <u>510,276</u>                  | <u>428,494</u>                    | <u>67,163</u>                     |
| Allowances for doubtful accounts (note 11(b)) | <u>(83,662)</u>                 | <u>(40,066)</u>                   | <u>(28,590)</u>                   |
|                                               | <u>426,614</u>                  | <u>388,428</u>                    | <u>38,573</u>                     |

### 11(a) Prepayments

Included in prepayments is the sum of N38.7 million which represents unamortised motor vehicle allowances paid to Directors during the year. The allowances are to be amortised over 5 years in line with the company's policy on depreciation of motor vehicles. Amount charged for the year of N1.3 million is included in Directors' emoluments (Note 24.1).

|                                                   |                                 |                       |                                   |
|---------------------------------------------------|---------------------------------|-----------------------|-----------------------------------|
| <b>11(b) Reconciliation of allowance accounts</b> | <b>Group<br/>2013<br/>N'000</b> | <b>2013<br/>N'000</b> | <b>Company<br/>2012<br/>N'000</b> |
| At 1 January                                      | 28,590                          | 28,590                | 33,058                            |
| (Decrease)/increase in allowance for the year     | <u>55,072</u>                   | <u>11,476</u>         | <u>(4,468)</u>                    |
|                                                   | <u>83,662</u>                   | <u>40,066</u>         | <u>28,590</u>                     |

### 12 Deposit for Investment

This represents the company's deposit for investment in UBA Kenya (N1,440,000,000), UBA Mozambique (N608,000,000) and UBA Uganda (N1,700,000,000).

Regulatory approval of the investment by the jurisdictions where the investees are domiciled was yet to be obtained as at the reporting date.

Trade receivables are recognized and carried at original invoiced amount less an allowance for any uncollectable amount. An estimate of doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

# AFRICA PRUDENTIAL REGISTRARS PLC

## NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2013

|                                                        | Group<br>2013<br>N'000 | Company<br>2013<br>N'000 | Company<br>2012<br>N'000 |
|--------------------------------------------------------|------------------------|--------------------------|--------------------------|
| <b>13 Inventory</b>                                    |                        |                          |                          |
| Client stationery                                      | 15,587                 | 15,587                   | 15,256                   |
| Computer consumables/obsolete stock (written off)/back | (2,381)                | (2,381)                  | 331                      |
|                                                        | <b>13,206</b>          | <b>13,206</b>            | <b>15,587</b>            |

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is measured by weighted average method and includes expenditure incurred in acquiring the inventories.

| <b>14 Property, plant and equipment Group</b> | Building<br>N'000 | Computer<br>equipment<br>N'000 | Motor<br>vehicles<br>N'000 | Furniture<br>fittings &<br>equipments<br>N'000 | Work-in-<br>progress<br>N'000 | Total<br>N'000 |
|-----------------------------------------------|-------------------|--------------------------------|----------------------------|------------------------------------------------|-------------------------------|----------------|
| <b>Cost</b>                                   |                   |                                |                            |                                                |                               |                |
| Balance at 1 January 2013                     | 78,009            | 40,649                         | 32,545                     | 46,079                                         | -                             | 197,282        |
| Arising on acquisition of subsidiary          | -                 | -                              | 8,600                      | 33,291                                         | -                             | 41,891         |
| Additions                                     | 2,877             | 24,285                         | 18,719                     | 10,719                                         | -                             | 56,600         |
| Disposals                                     | -                 | -                              | (11,621)                   | (20,145)                                       | -                             | (31,766)       |
| Balance at 31 December 2013                   | <b>80,886</b>     | <b>64,934</b>                  | <b>48,243</b>              | <b>69,944</b>                                  | <b>-</b>                      | <b>264,007</b> |
| <b>Accumulated depreciation</b>               |                   |                                |                            |                                                |                               |                |
| Balance as at 1 January 2013                  | 1,282             | 30,810                         | 30,579                     | 16,652                                         | -                             | 79,323         |
| Arising on acquisition of subsidiary          | -                 | -                              | 5,606                      | 23,610                                         | -                             | 29,216         |
| Depreciation charge for the year              | 2,005             | 4,910                          | 7,207                      | 12,594                                         | -                             | 26,716         |
| Elimination on disposal                       | -                 | -                              | (11,454)                   | (13,775)                                       | -                             | (25,229)       |
| Balance as at 31 December 2013                | <b>3,287</b>      | <b>35,720</b>                  | <b>31,938</b>              | <b>39,081</b>                                  | <b>-</b>                      | <b>110,026</b> |
| <b>Carrying amount</b>                        |                   |                                |                            |                                                |                               |                |
| <b>At 31 December 2013</b>                    | <b>77,599</b>     | <b>29,214</b>                  | <b>16,305</b>              | <b>30,863</b>                                  | <b>-</b>                      | <b>153,981</b> |
| <b>Company</b>                                |                   |                                |                            |                                                |                               |                |
| <b>Cost</b>                                   |                   |                                |                            |                                                |                               |                |
| Balance as at 1 January 2013                  | 78,009            | 40,649                         | 32,545                     | 46,079                                         | 53,520                        | 250,802        |
| Additions                                     | 2,877             | 24,285                         | 18,719                     | 10,719                                         | -                             | 56,600         |
| Transfer from work-in-progress                | -                 | -                              | -                          | -                                              | (53,520)                      | (53,520)       |
| Disposals                                     | -                 | -                              | (11,621)                   | (3,041)                                        | -                             | (14,662)       |
| Balance at 31 December 2013                   | <b>80,886</b>     | <b>64,934</b>                  | <b>39,643</b>              | <b>53,757</b>                                  | <b>-</b>                      | <b>239,220</b> |
| <b>Accumulated depreciation</b>               |                   |                                |                            |                                                |                               |                |
| Balance as at 1 January 2013                  | 1,282             | 30,810                         | 30,579                     | 16,652                                         | -                             | 79,323         |
| Depreciation charge for the year              | 2,005             | 4,910                          | 4,829                      | 10,574                                         | -                             | 22,318         |
| Elimination on disposal                       | -                 | -                              | (11,454)                   | (3,041)                                        | -                             | (14,495)       |
| Balance at 31 December 2013                   | <b>3,287</b>      | <b>35,720</b>                  | <b>23,954</b>              | <b>24,185</b>                                  | <b>-</b>                      | <b>87,146</b>  |
| <b>Carrying amount</b>                        |                   |                                |                            |                                                |                               |                |
| <b>At 31 December 2013</b>                    | <b>77,599</b>     | <b>29,214</b>                  | <b>15,689</b>              | <b>29,572</b>                                  | <b>-</b>                      | <b>152,074</b> |
| At 31 December 2012                           | <b>76,727</b>     | <b>9,839</b>                   | <b>1,966</b>               | <b>29,427</b>                                  | <b>53,520</b>                 | <b>171,479</b> |

|                                 | Group<br>2013<br>N'000 | Company<br>2013<br>N'000 | Company<br>2012<br>N'000 |
|---------------------------------|------------------------|--------------------------|--------------------------|
| <b>15 Intangible asset</b>      |                        |                          |                          |
| <b>Cost</b>                     |                        |                          |                          |
| At 1 January                    | 17,038                 | 17,038                   | 17,038                   |
| Additions during the year       | 10,419                 | 10,419                   | -                        |
| At 31 December                  | <b>27,457</b>          | <b>27,457</b>            | <b>17,038</b>            |
| <b>Accumulated amortization</b> |                        |                          |                          |
| At 1 January                    | 16,713                 | 16,713                   | 16,573                   |
| Amortization during the year    | 1,022                  | 1,022                    | 140                      |
| At 31 December                  | <b>17,735</b>          | <b>17,735</b>            | <b>16,713</b>            |
| <b>Net carrying amount</b>      |                        |                          |                          |
| <b>At 31 December 2013</b>      | <b>9,722</b>           | <b>9,722</b>             | <b>325</b>               |
| At 31 December 2012             | <b>-</b>               | <b>325</b>               | <b>325</b>               |

## AFRICA PRUDENTIAL REGISTRARS PLC

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

|                                  | Group<br>2013<br>N'000 | Company<br>2013<br>N'000 | Company<br>2012<br>N'000 |
|----------------------------------|------------------------|--------------------------|--------------------------|
| <b>16 Creditors and accruals</b> |                        |                          |                          |
| Accounts payable                 | 294,547                | 249,892                  | 332,928                  |
| Other Credit Balances            | 10,357                 | -                        | -                        |
| Accrued expenses                 | 165,366                | 165,366                  | 57,924                   |
|                                  | <u>470,270</u>         | <u>415,258</u>           | <u>390,852</u>           |

|                               |                   |                  |                  |
|-------------------------------|-------------------|------------------|------------------|
| <b>17 Customers' deposits</b> | <u>11,202,446</u> | <u>9,132,901</u> | <u>5,480,483</u> |
|-------------------------------|-------------------|------------------|------------------|

This represents dividend, return monies and other interests received from clients but yet to be claimed as follows:

|                              | Group<br>2013<br>N'000 | Company<br>2013<br>N'000 | Company<br>2012<br>N'000 |
|------------------------------|------------------------|--------------------------|--------------------------|
| Public offers                | 4,548                  | 4,548                    | 145                      |
| Return money- public offer   | 554,056                | 554,056                  | 599,674                  |
| Money return-debentures      | 293                    | 293                      | 293                      |
| Brokerage: ordinary shares   | 152,264                | 152,264                  | 152,264                  |
| Dividend: ordinary shares    | 9,888,712              | 7,819,166                | 4,677,470                |
| Interest: debentures         | 32,457                 | 32,457                   | 31,623                   |
| Realisation: ordinary shares | 21                     | 21                       | 21                       |
| Bond Interest                | 551,938                | 551,938                  | -                        |
| Redemption preference shares | 3,397                  | 3,397                    | 3,397                    |
| Redemption debentures        | 14,761                 | 14,761                   | 15,596                   |
|                              | <u>11,202,446</u>      | <u>9,132,901</u>         | <u>5,480,483</u>         |

### 18 Post-employment benefits

Defined contribution plan

|                        |          |          |          |
|------------------------|----------|----------|----------|
| Provision for the year | 3,572    | 3,572    | 1,671    |
| Release to PFAs        | (3,572)  | (3,572)  | (1,671)  |
|                        | <u>-</u> | <u>-</u> | <u>-</u> |

The staff pension provision is a defined contribution scheme where the employees and the company each contribute 7.5% of basic salary, housing and transport allowances to the pension scheme to make a total contribution of 15% as required by the Pension Reform Act 2004. The company's contribution to the scheme is charged to the statement of profit and loss and other comprehensive income.

## AFRICA PRUDENTIAL REGISTRARS PLC

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2013

#### 19 Income Taxes

Income tax expense for the year comprises current and deferred taxes

|                                               | Group<br>2013<br>N'000 | Company<br>2013<br>N'000 | Company<br>2012<br>N'000 |
|-----------------------------------------------|------------------------|--------------------------|--------------------------|
| <b>1. Current income tax</b>                  |                        |                          |                          |
| Income tax                                    | 257,593                | 183,569                  | 92,417                   |
| Education tax                                 | 15,179                 | 13,356                   | 7,011                    |
| IT tax                                        | 9,654                  | 9,654                    | 6,463                    |
| Under provision in prior years                | 15,303                 | -                        | -                        |
|                                               | <u>297,730</u>         | <u>206,579</u>           | <u>105,890</u>           |
| Deferred income tax                           | 328                    | -                        | -                        |
|                                               | <u><b>298,058</b></u>  | <u><b>206,579</b></u>    | <u><b>105,890</b></u>    |
| <b>2. Per statement of financial position</b> |                        |                          |                          |
| At 1 January                                  | 185,670                | 185,670                  | 202,840                  |
| Arising on acquisition                        | 67,957                 | -                        | -                        |
| Charge for the year                           | 297,730                | 206,579                  | 105,890                  |
| Payment in the year                           | (133,681)              | (73,636)                 | (123,060)                |
|                                               | <u><b>417,676</b></u>  | <u><b>318,613</b></u>    | <u><b>185,670</b></u>    |

.3 The charge for income tax in these financial statement is based on the provisions of the Companies Income Tax Act CAP C21 LFN 2004 as amended and the Education Tax Act CAP E4 LFN 2004.

|                                                      | Group<br>2013<br>N'000 | Company<br>2013<br>N'000 | Company<br>2012<br>N'000 |
|------------------------------------------------------|------------------------|--------------------------|--------------------------|
| <b>20 Deferred tax</b>                               |                        |                          |                          |
| Origination and reversal of temporary difference     |                        |                          | -                        |
| Write down or reversal of previous write down of DTA | 328                    | -                        | -                        |
| At 31 December                                       | <u>328</u>             | <u>-</u>                 | <u>-</u>                 |

The computation of deferred tax resulted in a deferred tax asset of N20.8 million which was not recognized in these financial statements because management was uncertain about its realization in the near future from profits.

#### Reconciliation of effective to statutory tax rate

|                                 | Group                   |                  | Company                 |                  | 2012                  |                  |
|---------------------------------|-------------------------|------------------|-------------------------|------------------|-----------------------|------------------|
|                                 | 2013<br>N'000           | %                | 2013<br>N'000           | %                | N'000                 | %                |
| Profit Before Tax               | 1,212,186               | 100              | 965,438                 | 100              | 646,293               | 100              |
| Company Income Tax              | 257,593                 | 21               | 183,569                 | 19               | 92,417                | 14               |
| IT Tax                          | 9,654                   | 1                | 9,654                   | 1                | 6,463                 | 1                |
| Education Tax                   | 15,179                  | 1                | 13,356                  | 1                | 7,011                 | 1                |
| Deferred Tax (P&L)              | 15,303                  | 1                | -                       | -                | 0                     | 0                |
| <b>Effective Tax Rate</b>       | <u><b>1,509,916</b></u> | <u><b>25</b></u> | <u><b>1,172,017</b></u> | <u><b>21</b></u> | <u><b>752,183</b></u> | <u><b>16</b></u> |
| Adjustments:                    |                         |                  |                         |                  |                       |                  |
| IT Tax                          | (9,654)                 | -1               | (9,654)                 | -1               | (6,463)               | (1)              |
| Education Tax                   | (15,179)                | -1               | (13,356)                | -1               | (7,011)               | (1)              |
| Effect of Permanent Differences | 84,853                  | 7                | 106,198                 | 11               | 103,407               | 16               |
| <b>Statutory Tax Rate</b>       | <u><b>1,569,936</b></u> | <u><b>30</b></u> | <u><b>1,255,205</b></u> | <u><b>30</b></u> | <u><b>842,117</b></u> | <u><b>30</b></u> |

## AFRICA PRUDENTIAL REGISTRARS PLC

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2013

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Group<br>2013<br>N'000 | Company<br>2013<br>N'000 | Company<br>2012<br>N'000 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------------|--------------------------|
| <b>21 Share capital:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                        |                          |                          |
| <i>Authorised:</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                        |                          |                          |
| Two billion ordinary shares of 50k each [2012: 1 Billion ordinary shares of N0.50kobo each]                                                                                                                                                                                                                                                                                                                                                                                                                                            | <u>1,000,000</u>       | <u>1,000,000</u>         | <u>500,000</u>           |
| <i>Issued and fully paid:</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                        |                          |                          |
| Two billion ordinary shares of 50k each [2012: 1 Billion ordinary shares of N0.50kobo each]                                                                                                                                                                                                                                                                                                                                                                                                                                            | <u>1,000,000</u>       | <u>1,000,000</u>         | <u>500,000</u>           |
| At 1 January                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 500,000                | 500,000                  | 500,000                  |
| Arising during the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <u>500,000</u>         | <u>500,000</u>           | <u>-</u>                 |
| At 31 December                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <u>1,000,000</u>       | <u>1,000,000</u>         | <u>500,000</u>           |
| During the year, the company increased its share capital from 1 Billion ordinary shares of 50 Kobo each to 2 billion ordinary shares of 50k each by issuing by way of rights, 1,000,000,000 ordinary shares at N1.20 to existing shareholders in the ratio of 1:1 . The basis of allotment and increase in issued share capital have been approved by relevant government agencies. The company traded with 1 billion Ordinary share during year, whereas the offer proceeds on the above rights was recieved on the 31 December 2013. |                        |                          |                          |
| <b>Share premium</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                        |                          |                          |
| At 1 January                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | -                      | -                        | -                        |
| Arising during the year (note 21)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <u>624,446</u>         | <u>624,446</u>           | <u>-</u>                 |
| At 31 December                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <u>624,446</u>         | <u>624,446</u>           | <u>-</u>                 |
| <b>22 Retained Earnings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                        |                          |                          |
| At 1 January                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1,869,232              | 1,869,232                | 1,307,581                |
| Arising on acquisition of subsidiary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | (97,289)               | -                        | -                        |
| Fair value gains                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 22,637                 | 22,637                   | -                        |
| Transfer from statement of profit or loss                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <u>914,456</u>         | <u>758,859</u>           | <u>561,651</u>           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <u>2,709,036</u>       | <u>2,650,728</u>         | <u>1,869,232</u>         |
| <b>Total Equity</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <u>4,333,482</u>       | <u>4,275,174</u>         | <u>2,369,232</u>         |
| <b>23 Basic earnings per ordinary share</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                        |                          |                          |
| Profit attributable to shareholders (N'000)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 914,456                | 758,859                  | 561,651                  |
| Number of ordinary share in issue ('000)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 2,000,000              | 2,000,000                | 1,000,000                |
| Basic earnings per share (kobo)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 46                     | 38                       | 56                       |
| Diluted earnings per share (kobo)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <u>46</u>              | <u>38</u>                | <u>56</u>                |
| <b>24 Cash and cash equivalents</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                        |                          |                          |
| Cash and cash equivalents (note 9)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <u>9,212,536</u>       | <u>6,688,373</u>         | <u>4,138,829</u>         |

## AFRICA PRUDENTIAL REGISTRARS PLC

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2013

#### 25 Related Party transactions

The following are the transactions and balances arising from dealings with related parties during the year.

##### 25.1 Key management compensation

Key management compensation of the company includes all directors, executive and non-executive, and senior management. The summary of compensation of key management personnel for the year is as follows:

|                                   | 2013<br>N'000    | 2012<br>N'000    |
|-----------------------------------|------------------|------------------|
| Directors Emoluments (Note 11(a)) | 29,364           | 2,315            |
| Salaries                          | 144,451          | 30,702           |
|                                   | <u>173,815</u>   | <u>33,017</u>    |
| <b>Transactions</b>               |                  |                  |
| <b>Expenses</b>                   |                  |                  |
| United Bank for Africa Plc        | <u>4,741</u>     | <u>150,000</u>   |
| <b>Bank balances</b>              |                  |                  |
| United Bank for Africa Plc        | <u>546,703</u>   | <u>527,333</u>   |
| <b>Short term Investments</b>     |                  |                  |
| United Bank for Africa Plc        | 550,000          | -                |
| UBA Asset Management Limited      | <u>2,000,000</u> | <u>2,000,000</u> |
| <b>Trade receivables</b>          |                  |                  |
| United Bank for Africa Plc        | 202,358          | 202,358          |
| UBA Asset Management Limited      | <u>218</u>       | <u>218</u>       |

#### 26 Contingent liabilities, litigation and claims

The Company in its ordinary course of business was not involved in any litigations, either as plaintiff or defendant as at the year end (31 December 2012: Nil). The Directors of the Company are not aware of any pending or threatened claims or litigations, which may be material to the financial statements. There were no other contingent liabilities requiring disclosure in these financial statements.

## AFRICA PRUDENTIAL REGISTRARS PLC

### NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2013

#### 27 Goodwill

|                                                                      |                | N'000          |
|----------------------------------------------------------------------|----------------|----------------|
| Cost of acquisition                                                  |                | 750,000        |
| Fair Value of Identifiable Net Asset represented by<br>Share Capital | 50,000         |                |
| Net Asset                                                            | <u>232,000</u> | <u>282,000</u> |
|                                                                      |                | <u>468,000</u> |

# AFRICA PRUDENTIAL REGISTRARS PLC

## STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER 2013

| GROUP                                              | 2013<br>N'000           | %                 |
|----------------------------------------------------|-------------------------|-------------------|
| Gross earnings                                     | 1,854,276               |                   |
| Bought in material and services - Local            | <u>(444,655)</u>        | <u>      </u>     |
| Value added                                        | <u><b>1,409,621</b></u> | <u><b>100</b></u> |
| <b>Applied as follows:</b>                         |                         |                   |
| <b>To pay employees:</b>                           |                         |                   |
| - Personnel cost                                   | 170,719                 | 12                |
| <b>To pay Government:</b>                          |                         |                   |
| - Taxation                                         | 297,730                 | 21                |
| - Information technology development levy          | -                       | -                 |
| <b>Retained in the business for future growth:</b> |                         |                   |
| - Deferred taxation                                | -                       | -                 |
| - Depreciation                                     | 26,716                  | 2                 |
| - Profit for the year                              | <u>914,456</u>          | <u>65</u>         |
|                                                    | <u><b>1,409,621</b></u> | <u><b>100</b></u> |

Value added represents the additional wealth which the group has been able to create by its own and employee's efforts. This statement shows the allocation of that wealth among employees' shareholders, government and that retained for future creation of more wealth.

## AFRICA PRUDENTIAL REGISTRARS PLC

### STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER 2013

| COMPANY                                            | 2013<br>N'000           | %                 | 2012<br>N'000         | %                 |
|----------------------------------------------------|-------------------------|-------------------|-----------------------|-------------------|
| Gross earnings                                     | 1,489,015               |                   | 1,034,068             |                   |
| Bought in material and services - Local            | <u>(79,394)</u>         |                   | <u>(268,021)</u>      |                   |
| Value added                                        | <u><b>1,409,621</b></u> | <u><b>100</b></u> | <u><b>766,047</b></u> | <u><b>100</b></u> |
| <b>Applied as follows:</b>                         |                         |                   |                       |                   |
| <b>To pay employees:</b>                           |                         |                   |                       |                   |
| - Personnel cost                                   | 170,719                 | 12                | 83,027                | 11                |
| <b>To pay Government:</b>                          |                         |                   |                       |                   |
| - Taxation                                         | 297,730                 | 21                | 105,890               | 14                |
| - Information technology development levy          | -                       | -                 | -                     | -                 |
| <b>Retained in the business for future growth:</b> |                         |                   |                       |                   |
| - Deferred taxation                                | -                       | -                 | -                     | -                 |
| - Depreciation                                     | 26,716                  | 2                 | 15,479                | 2                 |
| - Profit for the year                              | <u>914,456</u>          | <u>65</u>         | <u>561,651</u>        | <u>73</u>         |
|                                                    | <u><b>1,409,621</b></u> | <u><b>100</b></u> | <u><b>766,047</b></u> | <u><b>100</b></u> |

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

## AFRICA PRUDENTIAL REGISTRARS PLC

### FINANCIAL SUMMARY

| ASSETS                              | Group<br>2013<br>N'000 | 2013<br>N'000     | Company<br>2012<br>N'000 | 2011<br>N'000    |
|-------------------------------------|------------------------|-------------------|--------------------------|------------------|
| <b>Non-current assets</b>           |                        |                   |                          |                  |
| Investment in subsidiary            | -                      | 750,000           | -                        | -                |
| Goodwill                            | 468,000                | -                 | -                        | -                |
| Property, plant and equipments      | 153,981                | 152,074           | 171,479                  | 25,518           |
| Deposit for investment              | 3,748,000              | 3,748,000         |                          |                  |
| Intangible asset                    | 9,722                  | 9,722             | 325                      | 1,008            |
| Total non-current assets            | 4,379,703              | 4,659,796         | 171,804                  | 26,526           |
| <b>Current assets</b>               |                        |                   |                          |                  |
| Cash and cash equivalents           | 9,212,536              | 6,688,373         | 4,138,829                | 7,514,059        |
| Financial assets (held to maturity) | 2,392,143              | 2,392,143         | 4,059,247                | -                |
| Trade and other receivables         | 426,614                | 388,428           | 38,573                   | 1,011,367        |
| Other assets                        | -                      | -                 | 2,528                    | 2,409            |
| Inventory                           | 13,206                 | 13,206            | 15,256                   | 20,690           |
| Total current assets                | 12,044,499             | 9,482,149         | 8,254,433                | 8,548,525        |
| <b>Total assets</b>                 | <b>16,424,202</b>      | <b>14,141,946</b> | <b>8,426,237</b>         | <b>8,575,051</b> |
| <b>EQUITY AND LIABILITIES</b>       |                        |                   |                          |                  |
| <b>Capital and reserves</b>         |                        |                   |                          |                  |
| Share capital                       | 1,000,000              | 1,000,000         | 500,000                  | 500,000          |
| Share Premium                       | 624,446                | 624,446           | -                        | 1,119,468        |
| Retained earnings                   | 2,709,036              | 2,650,728         | 1,869,232                | 1,619,468        |
| <b>Total equity</b>                 | <b>4,333,482</b>       | <b>4,275,174</b>  | <b>2,369,232</b>         | <b>3,238,936</b> |
| <b>Non-current liabilities</b>      |                        |                   |                          |                  |
| Deferred tax liabilities            | 328                    | -                 | -                        | 4,922            |
| Total non-current liabilities       | 328                    | -                 | -                        | 4,922            |
| <b>Current liabilities</b>          |                        |                   |                          |                  |
| Creditors and accruals              | 470,270                | 415,258           | 390,852                  | 1,145,621        |
| Customers' deposits                 | 11,202,446             | 9,132,901         | 5,480,483                | 5,576,042        |
| Taxation                            | 417,676                | 318,613           | 185,670                  | 228,998          |
| Total current liabilities           | 12,090,392             | 9,866,772         | 6,057,005                | 6,950,661        |
| <b>Total liabilities</b>            | <b>12,090,720</b>      | <b>9,866,772</b>  | <b>6,057,005</b>         | <b>6,955,583</b> |
| <b>Total equity and liabilities</b> | <b>16,424,202</b>      | <b>14,141,946</b> | <b>8,426,237</b>         | <b>8,575,051</b> |
| Revenue                             | 1,854,276              | 1,489,015         | 1,034,068                | 606,159          |
| Operating expenses                  | 642,090                | 523,577           | (366,526)                | 292,155          |
| Profit before tax                   | 1,212,186              | 965,438           | 667,542                  | 314,004          |
| Profit after tax                    | 914,456                | 758,859           | 561,651                  | 188,113          |
| Earnings per share                  | 46                     | 38                | 56                       | 188              |