

UNITED CAPITAL PLC

(formerly UBA Capital Plc)

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS 31 DECEMBER 2014

United Capital Plc
(formerly UBA Capital Plc)

CORPORATE INFORMATION

DIRECTORS:

Chika Mordi	-	Chairman
Oluwatoyin Sanni	-	Group Chief Executive Officer
Yoro Mohamed Diallo	-	Non Executive Director
Adim Jibunoh	-	Non Executive Director
Ambassador J.K. Shinkaiye	-	Non Executive Director
Emmanuel N. Nnorom	-	Non Executive Director

EXECUTIVE MANAGEMENT:

Wale Shonibare	-	Managing Director, Investment Banking
Modupe Mujota	-	Managing Director, United Capital Asset Management Limited
Jude Chiemeka	-	Managing Director, United Capital Securities Limited
Tokunbo Ajayi	-	Managing Director, United Capital Trustees Limited
Kayode Fadahunsi	-	Managing Director, Capital Markets & Mergers & Acquisitions
Sunny Anene	-	Group Chief Finance Officer
Leo Okafor	-	Group Company Secretary/General Counsel
Odili Nwachukwu	-	Chief information Officer
Bolanle Ibitola	-	Head, Human Resources
James Akeredolu	-	Head, Audit and Business Assurance

RC No. RC444999

FRC No. FRC/2013/00000000001976

REGISTERED OFFICE: 57, Marina
Lagos Island
Lagos, Nigeria

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

AUDITORS: Akintola Williams Deloitte
235 Ikoro Road
Ilupeju
Lagos, Nigeria

United Capital Plc
(formerly UBA Capital Plc)

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2014

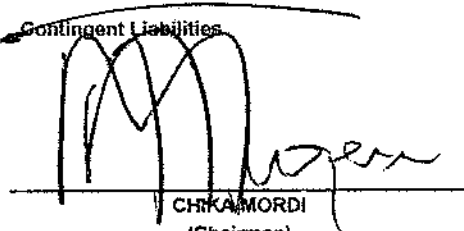
	Notes	Group		Company	
		2014	2013	2014	2013
		=N=' 000	=N=' 000	=N=' 000	=N=' 000
Gross Earnings		4,676,602	4,573,241	2,236,593	4,358,092
Investment income	4	1,670,843	1,559,367	164,873	41,953
Fee and commission income	5	1,846,581	2,093,730	1,047,115	1,048,618
Net trading income		25,979	108,517	-	43,904
Net interest margin	6	424,990	209,276	-	-
Net operating income		3,968,393	3,970,890	1,211,989	1,134,475
Other income	7	759,086	532,522	16,605	6,979
Net gains/(losses) from financial assets held for trading	8	(50,877)	69,829	-	-
Dividend income from Subsidiaries	9	-	-	1,008,000	3,216,638
Total Revenue		4,676,602	4,573,241	2,236,593	4,358,092
Personnel expenses	10	(1,188,826)	(1,130,209)	(348,628)	(317,533)
Other operating expenses	11	(1,111,121)	(866,920)	(287,666)	(281,715)
Depreciation and amortisation	18&19	(69,633)	(35,141)	(38,612)	(13,371)
Impairment charge	20.2	(124,647)	(71,148)	(97,670)	(10,075)
Total Expenses		(2,494,227)	(2,103,418)	(772,577)	(622,695)
Share of profit of equity accounted investee	16	127,504	164,091	-	-
Profit before income tax		2,309,879	2,633,914	1,464,016	3,735,397
Income tax expense	12	(463,531)	(870,903)	(138,315)	(469,682)
Profit for the year		1,846,348	1,763,011	1,325,701	3,265,715
Other comprehensive income, net of income tax					
Items that will not be reclassified subsequently to profit or loss		-	-	-	-
Items that may be reclassified subsequently to profit or loss					
Net fair value gain/(loss) on available for sale securities	30.1	(1,334,824)	131,126	(57,412)	11,041
Other comprehensive income for the year, net of taxes		(1,334,824)	131,126	(57,412)	11,041
Total comprehensive income for the year		511,524	1,894,137	1,268,289	3,276,756
Profit for the year attributable to:					
Equity holders of the Company		1,846,348	1,763,011	1,325,701	3,265,715
Total comprehensive income attributable to:					
Equity holders of the Company		511,524	1,894,137	1,268,289	3,276,756
Earnings per share-basic (kobo)	13	31	29	22	54

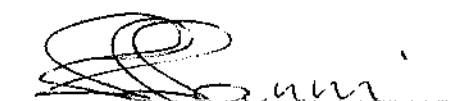
United Capital Plc
(formerly UBA Capital Plc)

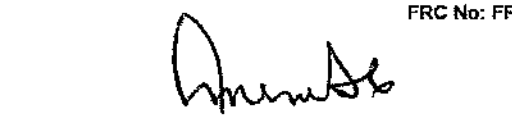
Consolidated & Separate Statement of Financial Position
As at 31 December 2014

AS at 31 December 2014

		Group		Company	
	Notes	2014 =N=' 000	2013 =N=' 000	2014 =N=' 000	2013 =N=' 000
ASSETS					
Cash and cash equivalents	14	31,795,597	29,203,619	453,597	1,543,308
Financial assets:					
- Held for trading	15.0	-	173,137	-	-
- Loan and receivables	15.2	21,152,276	8,851,121	11,608,222	3,460,321
- Available for sale	15.3	9,035,439	10,573,206	53,668	111,080
- Held to maturity	15.4	27,525,589	26,724,634	1,314,698	-
- Investment in property	15.5	270,000	-	-	-
Investment in associates	16	1,928,952	1,809,382	1,650,000	1,650,000
Investments in subsidiaries	17	-	-	750,000	750,000
Property, plant and equipment	18	232,950	160,718	142,284	67,697
Intangible assets	19	33,603	28,399	33,603	28,399
Trade and other receivables	20	2,791,601	1,728,241	1,543,403	785,483
Dividend receivable from subsidiaries	-	-	-	2,376,407	2,894,974
Deferred tax assets	21	521,449	224,607	236,325	-
TOTAL ASSETS		95,287,455	79,477,064	20,162,208	11,291,260
LIABILITIES					
Managed funds	22	67,035,403	62,476,554	-	-
Other borrowed funds	23	14,479,289	5,325,524	12,397,952	5,325,524
Other liabilities	24	3,173,303	2,238,861	282,924	168,060
Current tax liabilities	25	1,522,835	1,054,634	711,585	479,830
Deferred tax liabilities	21	219	219	-	-
TOTAL LIABILITIES		86,211,049	71,095,792	13,392,461	5,973,414
SHAREHOLDERS FUND					
Share capital	26	3,000,000	2,000,000	3,000,000	2,000,000
Share Premium	26	683,611	-	683,611	-
Retained earnings	27	7,062,583	6,716,235	3,132,506	3,306,805
Other reserves	30	(1,669,786)	(334,962)	(46,371)	11,041
TOTAL SHAREHOLDERS FUND		9,076,408	8,381,273	6,769,746	5,317,846
TOTAL LIABILITIES AND SHAREHOLDER'S FUND		95,287,455	79,477,064	20,162,208	11,291,260
Contingent Liabilities	35	14,000,000	15,000,000	14,000,000	15,000,000


CHIKAMORDI
(Chairman)
FRC No: FRC/2014/IODN/00000006667


OLUWATOYIN SANNI
(Group Chief Executive Officer)
FRC No: FRC/2013/NBA/00000002481


SUNNY ANENE
(Group Chief Finance Officer)
FRC NO: FRC/2013/ICAN/00000004944

United Capital Plc
(formerly UBA Capital Plc)

Consolidated Statement of Changes in Equity
For the year ended 31 December 2014

(a)

Group

	Share Capital =N=' 000	Retained Earnings =N=' 000	Share Premium =N=' 000	Other Reserves =N=' 000	Total =N=' 000
At 1 January	2,000,000	6,716,235	-	(334,962)	8,381,273
Arising during the year	1,000,000	-	683,611	-	1,683,611
Prior year adjustment	-	-	-	-	-
Transfer from profit or loss account	-	1,846,348	-	-	1,846,348
Dividend paid	-	(1,500,000)	-	-	(1,500,000)
Fair value reserves	-	-	-	(1,334,824)	(1,334,824)
At 31 December	3,000,000	7,062,583	683,611	(1,689,786)	9,076,408

Company

	Share Capital =N=' 000	Retained Earnings =N=' 000	Share Premium =N=' 000	Other Reserves =N=' 000	Total =N=' 000
Balance at 1 January 2014	2,000,000	3,306,805	-	11,041	5,317,846
Arising during the year	1,000,000	-	683,611	-	1,683,611
Transfer from profit or loss account	-	1,325,701	-	-	1,325,701
Dividend paid	-	(1,500,000)	-	-	(1,500,000)
Fair value reserve	-	-	-	(57,412)	(57,412)
Balance at 31 December 2014	3,000,000	3,132,506	683,611	(46,371)	6,769,746

(b) 31 December 2013

Group

	Share Capital =N=' 000	Retained Earnings =N=' 000	Share Premium =N=' 000	Other Reserves =N=' 000	Total =N=' 000
At 1 January	2,000,000	1,849,912	-	-	3,849,912
Prior year adjustment	-	10,657	-	-	10,657
Arising from acquisition of UBA Asset Management Limited	-	2,304,340	-	-	2,304,340
Arising from acquisition of UBA Trustees Limited	-	1,871,987	-	-	1,871,987
Transfer from profit or loss account	-	1,763,011	-	-	1,763,011
Reclassification of APR accumulated reserves	-	(2,383,672)	-	-	(2,383,672)
Acceptance of shares surrendered by UBA Plc in UBA Asset Management Ltd ("UAML")	-	500,000	-	-	500,000
Acceptance of shares surrendered by UBA Plc in Metropolitan Life	-	900,000	-	-	900,000
Transfer of shares in Africa Prudential Registrars Plc	-	(100,000)	-	-	(100,000)
Fair value reserve	-	-	-	(334,962)	(334,962)
	2,000,000	6,716,235	-	(334,962)	8,381,273

Company

	Share Capital =N=' 000	Retained Earnings =N=' 000	Share Premium =N=' 000	Other Reserves =N=' 000	Total =N=' 000
Balance at 1 January 2013	2,000,000	(1,408,912)	-	-	591,088
Transfer from profit or loss account	-	3,265,715	-	-	3,265,715
Acceptance of shares surrendered by UBA Plc in UBA Asset Management Ltd ("UAML")	-	500,000	-	-	500,000
Acceptance of shares surrendered by UBA Plc in Metropolitan Life	-	900,000	-	-	900,000
Acceptance of shares surrendered by UAML Ltd in UBA Trustees Ltd	-	150,000	-	-	150,000
Transfer of shares in Africa Prudential Registrars Plc	-	(100,000)	-	-	(100,000)
Fair value reserve	-	-	-	11,041	11,041
	2,000,000	3,306,804	-	11,041	5,317,846

United Capital Plc
(formerly UBA Capital Plc)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014 N'000	2013 N'000	2014 N'000	2013 N'000
Cash flows from operating activities					
Interest & investment income	4	1,670,843	1,559,367	164,873	41,953
Fees & commission income	5	1,846,581	2,093,730	1,047,115	1,048,618
Net trading income	6	25,979	108,517	-	43,904
Net interest margin	7	424,990	209,276	-	-
Other income	7	759,086	532,522	16,605	6,979
Cash paid to employees	10	(1,188,826)	(1,130,209)	(348,628)	(317,533)
Administrative expenses		(1,111,121)	(866,920)	(287,666)	(281,715)
Tax paid	25	(303,519)	(163,889)	(142,885)	(1,538)
		<u>2,124,014</u>	<u>2,342,393</u>	<u>449,414</u>	<u>540,668</u>
Changes in working capital					
Increase in other assets		(1,063,360)	(1,522,551)	(757,920)	(283,751)
Increase in other liabilities		<u>5,493,291</u>	<u>67,152,405</u>	<u>114,864</u>	<u>143,091</u>
Net cash provided by/(used in) operating activities	28	<u>6,553,945</u>	<u>67,972,247</u>	<u>(193,642)</u>	<u>400,008</u>
Cash flows from investing activities					
Purchase of property and equipments	19	(150,455)	(254,637)	(110,914)	(72,751)
Purchase of intangible assets	20	(12,237)	(31,778)	(12,237)	(31,778)
Investments in financial assets:					
Held for trading		173,137	1,731,899	-	-
Available for sale		202,943	(10,576,580)	-	(100,039)
Loans and receivables		(12,301,155)	(8,851,121)	(8,147,902)	(3,389,274)
Held to Maturity		(821,173)	(26,407,507)	(1,367,989)	317,128
Investment property		(270,000)	-	-	-
Investment in associate		-	(900,000)	-	-
Net cash provided by/(used in) investing activities		<u>(13,178,940)</u>	<u>(45,289,725)</u>	<u>(9,639,041)</u>	<u>(3,276,714)</u>
Cash flows from financing activities					
Dividend received		-	-	1,526,000	-
Dividend paid		(1,500,000)	-	(1,500,000)	-
Proceeds from rights issue		1,683,611	-	1,683,611	-
Additional loan during the year	23	13,421,084	4,718,619	11,421,084	4,718,619
Loan repayment	24	(4,387,722)	(332,083)	(4,387,722)	(332,083)
Net cash provided by financing activities		<u>9,216,973</u>	<u>4,386,536</u>	<u>8,742,973</u>	<u>4,386,536</u>
Net increase/(decrease) in cash and cash equivalents		<u>2,591,979</u>	<u>27,069,058</u>	<u>(1,089,711)</u>	<u>1,509,830</u>
Cash and cash equivalents at beginning of period		<u>29,203,619</u>	<u>2,134,561</u>	<u>1,543,308</u>	<u>33,478</u>
Cash and cash equivalents at end of year	15	<u>31,795,598</u>	<u>29,203,619</u>	<u>453,597</u>	<u>1,543,308</u>

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS
Year ended 31 December 2014

Company information

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

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

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

The consolidated and Separate financial statements for the year ended 31 December 2014 were approved for issue by the Board of Directors on xxxxxxxx 2015.

1.0 Application of new and revised International Financial Reporting Standards (IFRSs)

1.1 Amendments to IFRSs and the new interpretation that are mandatorily effective for the year ended 31 December 2014

In the current year, the Group has applied a number of amendments to IFRSs and a new interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014

1.2 Early adoption of Standards and Interpretations

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

1.3 Standards and Interpretations effective in the current year

The following new and revised Standards and interpretations effective from January 1 2014 have been adopted in the current year and have primarily affected the disclosure in these financial statements

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities;
Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities;
Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets;
Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting; and
IFRIC 21 Levies

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

The Group has applied the amendments to IFRS 10, IFRS 12, IAS 27 Investment Entities for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

Obtain funds from one or more investors for the purpose of providing them with investment management services;

commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and

Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for Investment entities.

As the Company is not an Investment entity (assessed based on the criteria set out in IFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS
Year ended 31 December 2014

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Company's financial statements.

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

The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Company does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Company's financial statements.

IFRIC 21 Levies

The Company has applied IFRIC 21 Levies for the first time in the current year. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

NOTES TO THE CONSOLIDATE & SEPARATE FINANCIAL STATEMENTS
Year ended 31 December 2014

2 Summary of significant accounting policies

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

2.1 Going concern

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

2.2 Basis of preparation

The Group's consolidated financial statements for the year ended 31 December 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB. Additional information required by national regulations is included where appropriate.

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

2.2.1 Statement of Compliance

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

The Consolidated & Separate financial statements comply with the requirement of the International Financial Reporting Standard, Companies and Allied Matters Act CAP C20 LFN 2004, Investment and Securities Act Cap S127 LFN 2004, the Financial Reporting Council Act 2011 to the extent that they are not in conflict with the International Financial Reporting Standards (IFRS).

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS
Year ended 31 December 2014

2.3 Consolidation

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

(a) **Subsidiaries**

The consolidated & separate financial statements incorporates the financial statements of the company and all its subsidiaries where it is determined that there is a capacity to control. Control means the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities.

All the facts of a particular situation are considered when determining whether control exists. Control is usually present when an entity has:

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

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

In its separate Financial statements, the company accounts for its investment in subsidiaries at cost.

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

(b) **Associates**

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

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS
Year ended 31 December 2014

(b) Associates (continued)

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

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

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

In the separate financial statements of the Company, investments in associates are stated at cost less accumulated impairment losses, if any.

2.4 Common control transactions

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

Accordingly the Group applies the guidance as set out in IFRS 3R on common control transactions. The assets and liabilities of the business transferred are measured at their existing book value in the consolidated financial statements of the parent, as measured under IFRS.

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

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS
Year ended 31 December 2014

2.5 Foreign currency translation

(a) Functional and presentation currency

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

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

(b) Transactions and balances

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

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

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

2.6 Income taxation

(a) Current income tax

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

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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2.6 Income taxation (continued)

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

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

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

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

2.7 Financial assets and liabilities

In accordance with IAS 39, all financial assets and liabilities – which include derivative financial instruments – are recognised in the statement of financial position and measured in accordance with their assigned category

2.7.1 Financial assets

The Group allocates financial assets to the following IAS 39 categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The Directors determine the classification of its financial instruments at initial recognition.

(a) *Financial assets at fair value through profit or loss*

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group as at 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. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial assets held for trading consist of debt instruments, including money-market paper, traded corporate and bank loans, 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. Gains and losses arising from changes in fair value are included directly in the income statement and are reported as 'Net gains/(losses) on financial instruments at fair value through profit or loss'. Interest income and expense and dividend income and expenses on financial assets at fair value through profit or loss are included in 'Net interest income' or 'Dividend income', respectively. The instruments are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognising.

NOTES TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS
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2.7.1 *Financial assets continued*

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

Those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;

- (ii) Those that the Group upon initial recognition designates as available for sale; or
- (iii) Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value – which is the cash consideration to originate or purchase the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method. Loans and receivables are reported in the statement of financial position as investment securities that there was no ready market for tradeable. In the case of an impairment, the impairment loss is reported as a deduction from the carrying value of the loan and receivables.

(c) Held-to-maturity financial assets

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

- (i) Those that the Group upon initial recognition designates at fair value through profit or loss;
- (ii) Those that the Group designates as available for sale; and
- (iii) Those that were initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

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

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2.7.1 Financial assets continued

(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 'Other operating income' when the Group's right to receive payment is established.

(e) Recognition

The Group uses settlement date accounting for regular way contracts when recording financial asset transactions. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

2.7.2 Financial liabilities

The Group's holding in financial liabilities is in financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value), financial liabilities at amortised cost and hedging derivatives. Financial liabilities are derecognised when extinguished.

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition.

A financial liability 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. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

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2.7.2 Financial liabilities (continued)

Those financial instruments are recognised in the statement of financial position as 'Financial liabilities held for trading'.

Gains and losses arising from changes in fair value of financial liabilities classified held for trading are included in the income statement and are reported as 'Net gains/ (losses) on financial instruments at fair value through profit or loss'. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

Other liabilities measured at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are deposits from corporates or customers, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

2.7.3 Derivative financial instruments

Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset where there is a legal right of offset of the recognised amounts and the parties intend to settle the cash flows on a net basis, or realise the asset and settle the liability simultaneously.

2.7.4 Embedded derivatives

Hybrid contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, and the host contract itself is not carried at fair value through profit or loss, the embedded derivative is bifurcated and measured at fair value with gains and losses being recognised in the income statement.

2.7.5 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations.

This includes listed equity securities and quoted debt instruments on major exchanges (for example, NSE) and broker quotes from Bloomberg and Reuters.

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

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2.7.5 Determination of fair value (continued)

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

The Group uses widely recognised valuation models for determining fair values of non standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value derivatives transacted in the over-the-counter market, unlisted securities (including those with embedded derivatives) and other instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The impact on net profit of financial instrument valuations reflecting non-market observable inputs (level 3 valuations) is disclosed in the Notes

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Group holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk.

Based on the established fair value model governance policies, and related controls and procedures applied, the Directors believe that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the statement of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

2.7.6 De-recognition of financial instruments

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

2.8 Reclassification of financial assets

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

The group may reclassify a financial instrument when its intentions and the characteristics of the financial instrument changes.

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2.9 Offsetting financial instruments

Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis.

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

2.10 Revenue recognition

(a) Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the income statement using the effective interest method.

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

Fees, including those for early redemption, are included in the calculation to the extent that they can be measured and are considered to be an integral part of the effective interest rate. Cash flows arising from the direct and incremental costs of issuing financial instruments are also taken into account in the calculation. Where it is not possible to otherwise estimate reliably the cash flows or the expected life of a financial instrument, effective interest is calculated by reference to the payments or receipts specified in the contract, and the full contractual term.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(b) Fees and commission income

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

(c) Dividend income

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

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2.11 Impairment of financial assets

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

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties;
- observable data indicating that there is a measurable decrease in the estimated future cashflows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio;

(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group 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 Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Financial 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.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar risk characteristics, taking into account asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

These characteristics are relevant to the estimation of future cash flows for groups of such financial assets by being indicative of the counterparty's ability to pay all amounts due according to the contractual terms of the assets being evaluated.

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

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2.11 Impairment of financial assets (continued)

The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Following impairment, interest income is recognised using the effective rate of interest which was used to discount the future cash flows for the purpose of measuring the impairment loss.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The amount of the loss is recognised using an allowance account and recognised in the Income Statement.

In the case of available for sale equity securities, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. Where such evidence exists, the cumulative gain or loss that has been previously recognised directly in equity is removed from equity and recognised in the Income Statement. Reversals of impairment of equity shares are not recognised in the Income Statement, increases in the fair value of equity shares after impairment are recognised directly in equity.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as all other financial assets above. Reversals of impairment of debt instruments are recognised in the Income Statement.

2.12 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Additionally, assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment test are performed on assets when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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

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2. 13 Property, Plant and Equipment

All property, plant and equipment used by the parent or its subsidiaries is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

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

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

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

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

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

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

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

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2. 14 Intangible assets

(a) Computer software

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

- It is technically feasible to complete the software product so that it will be available for use;
 - Management intends to complete the software product and use or sell it;
 - There is an ability to use or sell the software product;
 - It can be demonstrated how the software product will generate probable future economic benefits;
 - Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
 - The expenditure attributable to the software product during its development can be reliably measured.
- Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

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

(b) Impairment of tangible and intangible assets excluding goodwill

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

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

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

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2.15 Employee benefits

Defined contribution plan

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

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

2.16 Provisions

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

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

2.17 Cash and cash equivalents

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

2.18 Share capital

(a) *Share issue costs*

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

(b) *Dividend on ordinary shares*

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

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

Dividend proposed by the Directors but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act Cap C20 LFN 2014.

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2.19 Earnings per share

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

2.20 Issued debt and equity securities

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

2.21 Fiduciary activities

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

2.22 Discontinued operations

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

2.23 Investment Properties

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

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

2.24 Related party transactions

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

3 RISK MANAGEMENT

3 Introduction and Overview

Effective capital and risk management is fundamental to the business activities of UBA Capital Plc ("the Group").

The Group's enterprise risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of all risks types inherent in our business activities. The risk management framework provides for a culture of risk awareness and personal responsibility throughout the Group in a manner that encourages collaboration, discussion, escalation and sharing of information.

Risk is defined as the potential for loss caused by an event (or series of events) that can adversely affect the achievement of the group's objectives (including the protection of existing assets and enhancement of future growth objectives).

Risks are controlled at the individual exposure level as well as in aggregate within and across all business lines, entities and risk types. Overall, the Group's objective is to achieve an appropriate balance between risk and reward; and to continue to build and enhance risk management capabilities that assist to deliver our growth plans within a controlled environment.

Risk management is embedded at the core of the operating structure of the Group. The Group adopts the three lines of defense model (described below) in limiting adverse variations to earnings and capital by managing risk exposures within agreed levels of risk appetite. Our risk management approach includes minimizing undue concentrations of exposure, limiting potential losses from stress events and ensuring the continued adequacy of all our financial resources.

Responsibility and accountability for risk management resides at all levels within the group – from the Board to each business manager and risk specialist. The overall responsibility for risk and capital management rests with the Board of Directors. Within the governance structure, the Board has two sub-committees that enable it to evaluate the risks faced by the group and the effectiveness of the group's management of these risks. The Board relies on quarterly reports from these committees and attestations from business executives, senior risk managers and the group's internal audit and internal control, to satisfy itself that the group's risk management processes are fit for purpose and are operating effectively.

Our risk management processes have continued to prove effective. During the year under review, the business activities of the group have been managed within board-approved risk appetite. Executive management remained closely involved in important risk management initiatives, which have focused particularly on preserving appropriate levels of liquidity and capital, operational effectiveness, process integrity and effectively managing the risk portfolios.

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3.1 Introduction and Overview

Three Lines of Defense Model:

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

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

3.2 Risk Categories

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

3.2.1 Credit Risk

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

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

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

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3.2.1 Credit Risk (continued)

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

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

3.2.2 Country Risk

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

3.2.3 Liquidity Risk

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

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

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

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

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3.2.4 Market Risk

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

3.2.5 Operational Risk

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

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

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

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

3.2.6 Reputational Risk

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

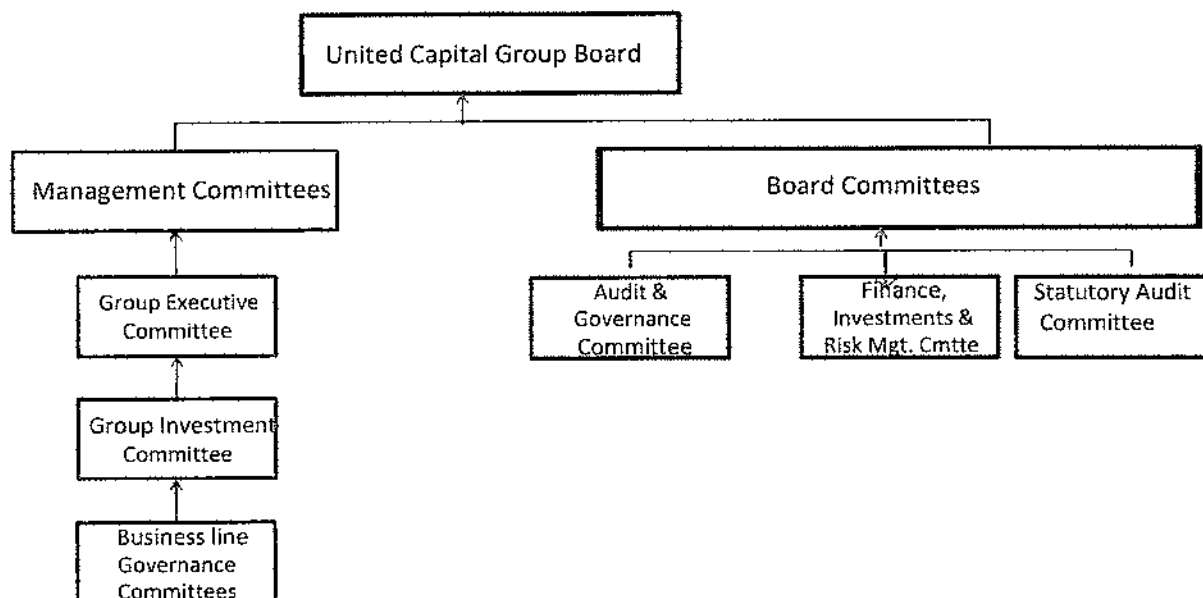
3.3 Risk Management Framework

3.3.1 Governance Structure

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

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

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3.3.2 Risk Governance Process

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

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

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

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3.3.2 Risk Governance Process (continued)

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

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

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

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

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

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

3.3.3 Credit Risk Management

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

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3.3.3 Credit Risk Management (continued)

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

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

	AAA	AA	A	BBB	Not rated	Carrying Amount
	=N='000	=N='000	=N='000	=N='000	=N='000	=N='000
Cash and cash equivalents	-	-	1,233,746	30,562,253	-	31,795,999
Treasury Bills	14,572,924	-	-	-	-	14,572,924
Federal Government Bonds	2,405,765	-	-	-	-	2,405,765
State Government Bonds	-	-	3,705,382	4,174,040	-	7,879,422
Corporate Bonds	-	-	2,342,196	3,117,560	-	5,459,756
Loans & Receivables	-	-	8,188,596	1,336,204	3,699,815	13,214,615
Other Assets*	-	-	-	-	2,791,601	2,791,601
Total	16,978,690	-	15,469,922	39,190,058	6,491,416	78,129,085

* Other Assets represent settlement risk exposure (as at the balance sheet date) to trade debtors and other counterparties in the normal course of business.

* All credit exposures are neither past due nor impaired.

Risk Identification and Measurement

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

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

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

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

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

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3.3.3 Credit Risk Management (continued)

Risk Identification and Measurement

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

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

Risk Monitoring and Management

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

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

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

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

Risk reporting

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

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3.3.4 Country Risk Management

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

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

Risk Identification and Measurement

The group country risk governance standards incorporate the use of external ratings from qualifying ECAs. Country risk exposure management is based on country, sovereign and business environment risk assessment. Exposure in countries qualifying as medium and high risk countries is subject to increased analysis and monitoring

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

Risk Monitoring and Control

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

3.3.5 Liquidity Risk Management

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

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

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

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3.3.5 Liquidity Risk Management (continued)

Risk Identification and Measurement

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

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

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

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

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

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

Category	
Short term liquidity risk management	▪ Monitor daily cashflow requirements ▪ Manage intra-day liquidity positions ▪ Monitor repo and bank funding shortage levels ▪ Manage short term cashflows ▪ Manage daily foreign currency liquidity ▪ Provide guidance on fund taking rates in conformity with longer term and contingent liquidity requirements (as informed by the management committees)
Structural liquidity risk management	▪ Identify and manage medium to long term liquidity mismatches ▪ Ensure a structurally sound balance sheet ▪ Manage long term cashflows ▪ Determine and apply behavioural profiling to investor portfolios (in conjunction with asset portfolio managers) ▪ Preserve a diversified funding base ▪ Assess foreign currency liquidity exposures ▪ Establish liquidity risk appetite
Contingency liquidity risk management	▪ Establish and maintain contingency funding plans ▪ Monitor and manage early warning liquidity indicators ▪ Ensure regular liquidity stress tests and scenario analysis ▪ Establish liquidity buffer levels in conformity with anticipated stress events ▪ Convene liquidity crisis management committees (as required) ▪ Ensure diversification of liquidity buffer portfolios

Risk Monitoring and Control

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

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3.3.5 Liquidity Risk Management

Foreign currency liquidity risk management

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

Funding

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

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

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

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

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

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3.3.5 Liquidity Risk Management (continued)

Stress Testing

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

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

Credit Ratings

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

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

3.3.6 Market Risk Management

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

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

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

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3.3.6 Market Risk Management (continued)

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

- Establishing a market risk management framework
- Independent measurement, monitoring and control of business line and groupwide market risk in accordance to approved risk limits
- Qualitative risk assessments and stress tests

Risk Identification and Measurement

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

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

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

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

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

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

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

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3.3.6 Market Risk Management (continued)

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

Foreign currency risk exposure may arise as a result of foreign-denominated cash exposures, foreign-denominated accruals, the translation effect on the group's net assets in foreign operations, and foreign-denominated debt. The finance/treasury function maintains oversight of aggregate foreign currency risk exposure, taking into account naturally offsetting risk positions and managing the group's residual risk. In general, the group's policy is not to ordinarily hold significant open FX exposures on the balance sheet. The risk management function conducts foreign currency sensitivity tests to monitor potential impact from rate movements in the FX markets

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

Equity risk

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

Risk Monitoring and Control

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

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

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3.3.7 Operational Risk Management

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

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

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

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

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

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

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

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

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

Financial crime control

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

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

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3.3.8 Reputational Risk

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

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

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

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

3.3.9 Capital Management

The Group's capital management approach is driven by its strategic and organisational requirements, taking into account the regulatory and commercial environment in which it operates. It is the Group's policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. Capital management practices are designed to ensure that the group and its legal entities are capitalized in line with the risk profile, economic capital needs and target ratios approved by the board. Capital is managed under a seven year sustainability framework which ensures the adequacy of regulatory capital despite seven consecutive years of allocated economic capital depletion.

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

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

The Group's capital is divided into two tiers:

- Tier 1 capital: core equity tier one capital including ordinary shares, statutory reserve, share premium and general reserve.
- Tier 2 capital: qualifying subordinated loan capital, preference shares, collective impairment allowances, and unrealized gains arising on the fair valuation of equity instruments held as available for sale.

	2014 R000	2013 R000
Tier 1 Capital		
Share Capital	3 000 000	2 000 000
Share Premium	663 011	-
Retained Earnings	7,283,887	6,716,234
Total qualifying for Tier 1 Capital	10,946,898	8,716,234
Tier 2 Capital		
Fair Value Reserve	(1 040,101)	(334 942)
Other borrowings	14,479,289	5,325,524
Total qualifying for Tier 2 Capital	13,439,188	4,990,582
Total Regulatory Capital	24,386,086	13,706,816

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NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2014	2013	2014	2013
	=N=' 000	=N=' 000	=N=' 000	=N=' 000
4 Investment income				
Fixed deposits	1,626,014	1,556,282	164,873	41,953
Investments securities	44,829	3,085	-	-
	1,670,843	1,559,367	164,873	41,953
5 Fees and commssion income				
Financial advisory fees	1,047,115	1,048,618	1,047,115	1,048,618
Other fees and charges	799,466	1,045,112	-	-
	1,846,581	2,093,730	1,047,115	1,048,618

Net trading income includes gains and losses arising both on the purchase and sale of quoted equities.

	Group		Company	
	2014	2013	2014	2013
	=N=' 000	=N=' 000	=N=' 000	=N=' 000
6 Net interest margin				
Interest income on managed funds	3,125,514	2,172,782	-	-
Interest expense on managed funds	(2,700,523)	(1,963,506)	-	-
	424,990	209,276	-	-

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	Group		Company	
	2014 =N=' 000	2013 =N=' 000	2014 =N=' 000	2013 =N=' 000
7 Other income				
Dividend on equity investment	314,923	288,782	5,616	-
Other interest income	109,171	145	10,988	-
Writeback of excess provision	170,598	155,736	-	-
Other income	164,394	87,859	-	6,979
	<u>759,086</u>	<u>532,522</u>	<u>16,605</u>	<u>6,979</u>
8 Net gains/(losses) from financial assets held for trading				
Net gain/(loss) on equity securities	<u>50,877</u>	<u>69,829</u>	<u>-</u>	<u>-</u>
This relates to fair value changes on trading portfolio				
9 Dividend income from subsidiaries				
This represents dividend declared by subsidiaries - United Capital Trustees Limited and United Capital Asset Management within the Group.				
	2014 =N=' 000	2013 =N=' 000	2014 =N=' 000	2013 =N=' 000
10 Personnel expenses				
Staff cost	1,172,436	1,116,592	343,847	315,670
Contributions to defined contribution plans	16,390	13,617	4,781	1,863
	<u>1,188,826</u>	<u>1,130,209</u>	<u>348,628</u>	<u>317,533</u>
11 Other operating expenses				
Other premises and equipment costs	6,266	3,425	1,407	991
Auditors remuneration	31,500	24,001	10,000	7,000
Professional fees	400,727	400,464	98,880	99,154
Interest on long term debt	102,190	41,968	39,066	41,968
Travel and accommodation	22,756	22,290	16,527	15,800
Insurance	12,254	9,942	1,770	574
Donations	150,224	-	37,500	-
Rent and Rates	37,930	46,199	7,743	7,069
Others	347,274	318,631	74,774	109,160
	<u>1,111,121</u>	<u>866,920</u>	<u>287,666</u>	<u>281,715</u>
Income tax expense				
12 Recognised in the profit or loss				
Income tax	699,057	802,029	360,000	450,000
Education tax	8,234	38,986	-	13,125
information technology tax	33,503	25,177	14,640	6,557
Share of associated company tax	7,935	4,709	-	-
Underprovision in prior year	30,927	-	-	-
Deferred tax expense	(316,124)	-	(236,325)	-
	<u>463,531</u>	<u>870,903</u>	<u>138,315</u>	<u>469,682</u>

	Group		Company	
	2014	2013	2014	2013
13 Earnings per share				
<i>Basic earnings per share</i>				
Basic earnings attributable to shareholders (N'000)	1,846,348	1,763,011	1,325,701	3,265,715
Number of ordinary shares in issue ('000)	6,000,000	6,000,000	6,000,000	6,000,000
Basic earnings per share (kobo)	31	29	22	54

The basic earnings per share have been adjusted to reflect the current years number of ordinary shares resulting from the right issue of 2 billion units which occurred during the year

	Group		Company	
	2014 =N=' 000	2013 =N=' 000	2014 =N=' 000	2013 =N=' 000
14 Cash and cash equivalents				
Cash and balances with banks	1,233,746	1,951,383	72,244	1,277,906
Money market placements	30,562,253	27,253,814	381,354	265,402
	31,795,999	29,205,197	453,597	1,543,308
Allowance for impairment	(402)	(1,578)	-	-
	31,795,597	29,203,619	453,597	1,543,308

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

	Group		Company	
	2014 =N=' 000	2013 =N=' 000	2014 =N=' 000	2013 =N=' 000
15 Financial Assets				
15.1 Financial assets - Held for Trading	-	173,137	-	-
15.2 Loan and receivables				
Bonds	9,524,801	5,390,800	-	-
Commercial paper	7,937,660	-	7,937,660	-
Loans to customer (note 15.2.1)	3,689,815	3,460,321	3,670,562	3,460,321
	21,152,276	8,851,121	11,608,222	3,460,321

15.2.1 This represents a loan facility indexed to LIBOR for a period of 24months.

The Commercial paper represents investment in a discounted note for a period of 60months.

Bonds represents investment in State Government and Corporate bonds

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NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2014 =N=' 000	2013 =N=' 000	2014 =N=' 000	2013 =N=' 000
15.3 Financial Assets - Available for Sale				
Treasury bills	1,181,315	3,741,675	-	-
Bonds	1,610,965	1,608,002	-	-
Equity- Quoted	4,038,285	1,883,672	100,039	100,039
Equity- Unquoted	1,700,691	1,700,691	-	-
Collective Investment Scheme	2,173,968	2,174,128	-	-
	10,705,225	10,908,168	100,039	100,039
	(1,669,786)	(334,962)	(46,371)	11,041
	9,035,439	10,573,206	53,668	111,080
Less: Fair value change (Note 30)				
15.4 Financial Assets - Held to Maturity				
Treasury Bills	13,391,609	10,563,877	-	-
Federal Government Bonds	794,800	3,549,977	-	-
State Government Bonds	7,879,422	8,613,545	-	-
Corporate Bonds	5,459,758	3,997,235	1,314,698	-
	27,525,589	26,724,634	1,314,698	-
15.5 Financial Assets - Investment in Property				
Real Estate	270,000	-	-	-

During the year, the company purchased a property located at No 4 Marconi Street, Palm grove Estate. The property was purchased for Real estate development

16 Investment in associate				
Cost of investment on acquisition (UBA Metropolitan Life)	1,809,382	750,000	1,650,000	750,000
Acceptance of shares in UBA Metropolitan Life from UBA Plc	-	900,000	-	900,000
Share of profit before tax	127,504	164,091	-	-
Share of tax	(7,935)	(4,709)	-	-
Balance, end of year	1,928,952	1,809,382	1,650,000	1,650,000

This represents the Group's 50% equity investment in UBA Metropolitan Life Limited.

17 Investment in subsidiaries	Date of Investment	Holding	Value	Country
United Capital Securities Limited (formerly UBA Securities)	2006	100%	100,000	Nigeria
United Capital Assets Management Limited (formerly UBA Asset Management)	2013	100%	500,000	Nigeria
United Capital Trustees Limited (formerly UBA Trustees)	2013	100%	150,000	Nigeria
			750,000	

17.1 Other information on subsidiaries

- (i) United Capital Securities Limited is a dealing member of the Nigerian Stock Exchange (NSE) and registered by the Securities & Exchange Commission (SEC) as a Broker/Dealer. It is also a registered dealing member of NASD OTC Plc and FMDQ OTC Plc. This enables the Company to deal in over-the-counter Equity and Fixed Income Securities. The Company provides services such as securities dealing, receiving agents to new issues, stockbrokers to primary issues, designated adviser to SME's and equity portfolio management services.
- (ii) United Capital Assets Management Limited is registered and licensed by the Securities and Exchange Commission of Nigeria (SEC) to act as investment advisers, funds and portfolio managers.
- (iii) United Capital Trustees Limited is a leading provider of Trust services such as debenture trust, bond trusteeship to corporate and sub-sovereign issuers of public debt instruments and trustees to collective investment schemes.

17.2 Non-controlling interest of subsidiaries

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

17.3 Significant restrictions

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

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NOTES TO THE FINANCIAL STATEMENTS

18	Property, plant and equipment	Furniture & Equipment =N=' 000	Motor vehicles =N=' 000	Computer Equipment =N=' 000	Total =N=' 000
(i)	Group				
	Cost				
	Balance at 1 January 2014	44,069	197,263	70,952	312,284
	Additions	18,962	93,334	38,158	150,455
	Disposals	-	(12,524)	-	(12,524)
	Adjustment	-	(5,600)	1,200	(4,400)
	Balance at 31 December 2014	63,031	272,472	110,311	445,814
	Depreciation and impairment losses				
	Balance at 1 January 2014	25,131	71,664	54,772	151,566
	Additions	6,744	47,829	8,027	62,600
	Disposals	-	(1,651)	-	(1,651)
	Adjustment	348	-	-	348
	Balance at 31 December 2014	32,223	117,843	62,799	212,864
	Carrying amounts				
	Balance at 31 December 2014	30,808	154,630	47,512	232,950
	Balance at 31 December 2013	18,938	125,599	16,181	160,718
(ii)	Company				
	Cost				
	Balance at 1 January 2014	18,034	57,240	20,935	96,209
	Additions	16,735	57,474	36,705	110,914
	Disposals	-	-	-	-
	Adjustment	-	(5,600)	1,200	(4,400)
	Balance at 31 December 2014	34,769	109,113	58,840	202,723
	Depreciation and impairment losses				
	Balance at 1 January 2014	3,074	18,429	7,009	28,512
	Additions	5,342	18,896	7,341	31,579
	Disposals	-	-	-	-
	Re-classification	348	-	-	348
	Balance at 31 December 2014	8,764	37,325	14,350	60,439
	Carrying amounts				
	Balance at 31 December 2014	26,005	71,788	44,490	142,284
	Balance at 31 December 2013	14,960	38,811	13,926	67,697

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NOTES TO THE FINANCIAL STATEMENTS

19	Intangible assets	Group	Company
	Purchased software	=N=' 000	=N=' 000
	Cost		
	Balance at 1 January 2014	33,578	33,578
	Addition	12,237	12,237
	Balance at 31 December 2014	<u>45,815</u>	<u>45,815</u>
	Amortization and impairment losses		
	Balance at 1 January 2014	5,180	5,180
	Amortisation for the year	7,033	7,033
	Adjustment		
	Balance at 31 December 2014	<u>12,213</u>	<u>12,213</u>
	Carrying amounts		
	Balance at 31 December 2014	<u>33,603</u>	<u>33,603</u>
	Balance at 31 December 2013	<u>28,399</u>	<u>28,399</u>

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NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2014 =N= '000	2013 =N= '000	2014 =N= '000	2013 =N= '000
20 Trade receivables & Prepayments				
Trade debtors	901,872	1,332,815	35,401	26,726
Interest receivable	649,034	153,768	9,468	617
Prepayments	179,403	193,904	86,872	93,829
Accrued income	997,480	236,318	997,480	236,318
Other receivables	428,289	164,758	49,739	52,487
WHT Receivable	160,442	124,404	458,031	446,068
Others assets	226,020	287,064	74,377	-
	3,542,541	2,493,031	1,711,369	856,045
Impairment on Trade Receivables (note 20.1)	(750,940)	(764,790)	(167,965)	(70,562)
	2,791,601	1,728,241	1,543,403	785,483
20.1 Impairment on trade receivables				
At 1 January	764,790	104,205	70,562	60,487
Arising from acquisition of UBA Asset Management Limited	-	72,290	-	-
Arising from acquisition of UBA Trustees Limited	-	31,299	-	-
Prior year provision	-	520,484	-	-
Provision no longer required	(138,497)	(578)	(134)	(578)
(Release)/arising during the year	124,647	70,148	97,537	10,653
Write off	-	(33,058)	-	-
	750,940	764,790	167,965	70,562
20.2 Allowance for impairment				
Impairment loss on trade receivables	124,647	69,570	97,670	10,075
Impairment loss on doubtful cash	-	1,578	-	-
	124,647	71,148	97,670	10,075
21 Deferred tax - (Asset)				
Deferred tax assets:				
- Deferred tax asset to be recovered after more than 12 months	521,449	224,607	236,325	-
- Deferred tax asset to be recovered within 12 months	-	-	-	-
	521,449	224,607	236,325	-
Deferred tax liabilities:				
- Deferred tax liability to be recovered after more than 12 months	219	219	-	-
- Deferred tax liability to be recovered within 12 months	-	-	-	-
Total	219	219	-	-

YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2014	2013	2014	2013
	=N= '000	=N= '000	=N= '000	=N= '000
22 Managed Funds				
Fixed income notes	23,245,238	14,764,084	-	-
Trust funds	921,243	344,338	-	-
Sinking Funds	42,410,434	47,054,641	-	-
Payable on trust accounts	458,488	313,491	-	-
	67,035,403	62,476,554	-	-

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

	Group		Company	
	2014	2013	2014	2013
	=N= '000	=N= '000	=N= '000	=N= '000
23 Other borrowed funds				
Balance as at 1 January	5,325,524	897,020	5,325,524	897,020
Loan from commercial bank (note 23.1)	13,421,084	4,718,619	11,421,084	4,718,619
Interest charge during the year	120,403	41,968	39,066	41,968
Repayment during the year	(4,387,722)	(332,083)	(4,387,722)	(332,083)
	14,479,289	5,325,524	12,397,952	5,325,524

23.1 Borrowing during the year represents a loan facility index to LIBOR for a period of sixty (60) months

	Group		Company	
	2014	2013	2014	2013
	=N= '000	=N= '000	=N= '000	=N= '000
24 Other liabilities				
Creditors and accruals	808,882	891,322	282,924	168,060
Customers deposit	853,749	842,522	-	-
Other current liabilities	1,510,672	505,017	-	-
	3,173,303	2,238,861	282,924	168,060
25 Current tax liabilities				
Per statement of financial position:				
At 1 January	1,054,634	219,586	479,830	11,686
Arising from acquisition of UBA Asset Management Limited	-	45,915	-	-
Arising from acquisition of UBA Trustees Limited	-	283,243	-	-
Charge for the year	771,720	870,903	374,640	469,682
Reclassification of tax on APR accumulated reserves	-	(205,833)	-	-
Share of associated company tax	-	4,709	-	-
Tax paid	(303,519)	(163,889)	(142,885)	(1,538)
At 31 December	1,522,835	1,054,634	711,585	479,830

The charge for income tax in these financial statements is based on the provisions of the Companies Income Tax Act CAP C21 LFN 2004 as amended, while Education Tax

YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2014 =N= '000	2013 =N= '000	2014 =N= '000	2013 =N= '000
26 (i) Share capital The share capital comprises				
(i) Authorised - 6,000,000,000 Ordinary shares of N0.5 each	3,000,000	2,000,000	3,000,000	2,000,000
(ii) Issued and fully paid - 6,000,000 Ordinary shares of N0.5 each (2013: 4,000,000)	3,000,000	2,000,000	3,000,000	2,000,000
(iii) Share Premium United Capital Plc issued new shares at a price of 90kobo in 2014. Based on the nominal value of 50kobo per share this created a share premium balance. The share issue expenses was				
	Group		Company	
	2014 =N= '000	2013 =N= '000	2014 =N= '000	2013 =N= '000
27 Retained earnings At 1 January	6,716,235	1,849,912	3,306,805	(1,408,912)
Arising from acquisition of UBA Asset Management Limited	-	2,304,340	-	-
Arising from acquisition of UBA Trustees Limited	-	1,871,987	-	-
Transfer from profit or loss account	1,846,348	1,763,011	1,325,701	3,265,715
Reclassification of APR accumulated reserves	-	(2,383,672)	-	-
Acceptance of shares surrendered by UBA Plc in UBA Asset Management Ltd ("UAML")	-	500,000	-	500,000
Acceptance of shares surrendered by UBA Plc in Metropolitan Life	-	900,000	-	900,000
Acceptance of shares surrendered by UAML Ltd in UBA Trustees Ltd	-	-	-	150,000
Transfer of shares in Africa Prudential Registrars Plc	-	(100,000)	-	(100,000)
Dividend paid during the year	(1,500,000)	-	(1,500,000)	-
At 31 December	7,062,583	6,716,235	3,132,506	3,306,805
28 Dividend from Subsidiaries This represents dividend declared by subsidiaries - United Capital Trustees Limited and United Capital Asset Management within the Group, made up as follows				
	Group		Company	
	2014 =N= '000	2013 =N= '000	2014 =N= '000	2013 =N= '000
Gross Dividend	-	-	1,120,000	3,216,638
Withholding tax	-	-	(112,000)	(321,664)
Net Dividend	-	-	1,008,000	2,894,974
29 Proposed dividend to shareholders The Directors propose that a dividend of xxxkobo per ordinary share of 50kobo each, amounting to xxxbillion be paid to shareholders upon approval at the Annual General Meeting. The proposed dividend has not been provided for and this will be subject to withholding tax at the appropriate tax rate when payment is made. The dividend will be payable to shareholders whose names appear on the Register of Members at the close of business on xxxx				
30 Other Reserves Fair Value Reserves	(1,669,786)	(334,962)	(46,371)	11,041
	(1,669,786)	(334,962)	(46,371)	11,041
30.1 Fair Value Reserves At 1 January	(334,962)	-	11,041	-
Arising from acquisition of United Capital Asset Management Limited	-	(412,051)	-	-
Arising from acquisition of United Capital Trustees Limited	-	(54,037)	-	-
Arising during the year	(1,334,824)	131,126	(57,412)	11,041
	(1,669,786)	(334,962)	(46,371)	11,041
31 Reconciliation of profit after tax to net cash from operating activities				
Profit after tax	1,846,348	1,763,011	1,325,701	3,265,715
Adjustments to reconcile net cash provided:				
Depreciation and amortisation	69,633	35,141	38,612	13,371
Loss on disposal of investments	50,877	(69,829)	-	-
Impairment charge	124,647	71,148	97,670	10,075
Deferred tax	(316,124)	-	(236,325)	-
Dividend income from subsidiaries	-	-	(1,008,000)	(3,216,638)
Net of tax Share of profit of equity accounted investee	(119,570)	(159,382)	-	-
Increase in tax payable	468,201	702,304	231,755	468,144
	2,124,013	2,342,353	449,413	540,668
Changes in working capital				
Increase in other assets	(1,063,360)	(1,522,551)	(757,920)	(283,751)
Increase in other liabilities	5,493,291	67,152,405	114,864	143,091
Net cash used in operating activities	6,553,945	67,972,247	(193,642)	400,008

YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

32 Related parties

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

32.1 Identity of related parties

	Relationship	%
UBA Metropolitan Life Insurance company Limited	Associate	50
United Capital Asset Management Limited	Subsidiary	100
United Capital Trustees Limited	Subsidiary	100
United Capital Securities Limited	Subsidiary	100
UBA Nominees Limited	Sub-subsidiary	100

32.2 Key management personnel

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

32.3 Remuneration of key personnel

Aggregate remuneration paid to key management staff during the year is as follows:

	Group		Company	
	2014	2013	2014	2013
	=N='000	=N='000	=N='000	=N='000
Salaries & wages	246,063	227,603	149,616	140,853
Defined contribution plans	5,020	5,614	2,467	3,402
	251,083	233,217	152,083	144,255

32.4 Other information on key management personnel

Emoluments:

Chairman	7,308	4,740	1,827	1,185
Other Directors	12,982	16,975	3,246	4,244
	20,290	21,715	5,073	5,429

Fees	5,500	4,875	1,375	1,219
Other Emoluments	14,790	16,840	3,698	4,210
	20,290	21,715	5,073	5,429

The total number of Directors were:	6	7	6	7
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32.5 The number of persons employed (excluding directors) in the company during the period was as follows:

	123	86	16	14
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YEAR ENDED 31 DECEMBER 2014

NOTES TO THE FINANCIAL STATEMENTS

33 Principal subsidiaries

The financial statements of the Group include the operation of the following subsidiaries:

Company	Place of Incorporation	Primary Business Operation	% Held
United Capital Asset Management Limited	Nigeria	Portfolio Management	100%
United Capital Trustees Limited	Nigeria	Trusteeship	100%
United Capital Securities Limited	Nigeria	Securities Trading	100%

34 Events after reporting period

There are no material issues after the reporting period.

35 Contingent Liabilities

In the normal course of business, the Group is a party to financial instruments with off-balance sheet risk. The nature of the liability is as stated below:

	2014 =N=' 000	2013 =N=' 000
Contingent liabilities		
Money market placements	14,000,000	15,000,000

36 Current year classifications of Statement of Comprehensive Income

Certain comparative figures have been reclassified according to the current year's presentation for a more meaningful comparison

UNITED CAPITAL PLC
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Financial Summary - Group

	2014 =N= '000	2013 =N= '000	2012 =N= '000	2011 =N= '000	2010 =N= '000
ASSETS					
Cash and cash equivalents	31,795,597	29,203,619	2,134,551	9,139,771	11,599,954
Financial assets	-	-	-	-	-
- Held for trading	-	173,137	426,561	1,065,863	1,327,331
- Loan and receivables	21,152,276	8,851,121	-	-	-
- Available for sale	9,035,439	10,573,206	-	-	-
- Held to maturity	27,525,589	26,724,634	317,127	4,345,574	589,945
- Investment in property	270,000	-	-	-	-
Investments in associates	1,926,952	1,809,382	875,285	739,259	750,000
Property and equipment	232,950	160,718	9,401	94,948	75,378
Intangible assets	33,603	28,399	4,517	4,376	7,214
Deferred tax assets	521,449	224,607	224,607	224,607	-
Trade and other receivables	2,791,601	1,728,241	205,650	790,068	1,118,234
Assets classified as held for sale	-	-	7,605,422	-	-
TOTAL ASSETS	95,287,455	79,477,064	11,803,171	16,404,466	15,468,066
LIABILITIES					
Managed Funds	67,035,403	62,476,554	-	-	-
Other borrowed funds	14,479,289	5,325,524	897,020	1,168,012	1,385,684
Other liabilities	3,173,303	2,238,861	779,648	13,560,054	12,941,708
Current tax liabilities	1,522,835	1,054,634	219,586	322,204	593,086
Deferred tax liabilities	219	219	-	-	21,498
Liabilities associated to assets classified as held for sale	-	-	6,057,005	-	-
TOTAL LIABILITIES	86,211,050	71,095,792	7,953,259	15,050,270	14,941,976
EQUITY					
Share capital	3,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Share premium	683,611	-	-	-	-
Retained earnings	7,062,583	6,716,234	1,849,912	(645,804)	(1,473,910)
Other reserves	(1,669,786)	(334,962)	-	-	-
SHAREHOLDER'S FUND	9,076,408	8,381,272	3,849,912	1,354,196	526,090
TOTAL LIABILITIES AND EQUITY	95,287,455	79,477,064	11,803,171	16,404,466	15,468,066
CONTINGENT LIABILITIES	14,000,000	15,000,000	27,000,000	-	-

UNITED CAPITAL PLC
(formerly UBA Capital Plc)

Financial Summary - Company

	2014 =N=' 000	2013 =N=' 000	2012 =N=' 000	2011 =N=' 000	2010 =N=' 000
ASSETS					
Cash and cash equivalents	453,597	1,543,308	33,478	4,704,164	4,505,535
Financial assets					
- Held for trading	-	-	37,212	116,248	299,991
- Loan and receivables	11,608,222	3,460,321	-	-	-
- Available for sale	53,668	111,080	-	-	-
- Held to maturity	1,314,698	-	317,127	494,914	-
Investments in subsidiaries	750,000	750,000	200,000	200,000	200,000
Investments in associates	1,650,000	1,650,000	750,000	750,000	750,000
Property and equipment	142,284	67,696	6,579	6,997	17,122
Intangible assets	33,603	28,399	301	4,396	7214
Trade and other receivables	1,543,403	785,482	180,067	241,996	113,500
Dividend receivable from subsidiaries	2,376,407	2,894,974	-	-	-
Deferred tax	236,325	-	-	-	-
TOTAL ASSETS	20,162,208	11,291,261	1,524,764	6,518,715	5,893,362
LIABILITIES					
Other borrowed funds	12,397,952	5,325,524	897,020	1,168,012	1,385,684
Other liabilities	282,924	168,060	24,970	4,781,227	4,281,662
Current tax liabilities	711,585	479,830	11,686	69,971	171,916
Deferred tax liabilities	-	-	-	-	16,389
TOTAL LIABILITIES	13,392,461	5,973,414	933,676	6,019,210	5,855,651
EQUITY					
Share capital	3,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Share premium	683,611				
Retained earnings	3,132,506	3,306,806	(1,408,912)	(1,500,495)	(1,962,289)
Other reserves	(46,371)	11,041	-	-	-
SHAREHOLDER'S FUND	6,769,746	5,317,847	591,088	499,505	37,711
TOTAL LIABILITIES AND EQUITY	20,162,208	11,291,261	1,524,764	6,518,715	5,893,362
CONTINGENT LIABILITIES	14,000,000	15,000,000	27,000,000	-	-

UNITED CAPITAL PLC
(formerly UBA Capital Plc)

Financial Summary - Group

	2014 =N=' 000	2013 =N=' 000	2012 =N=' 000	2011 =N=' 000	2010 =N=' 000
Gross earnings	4,676,602	4,573,241	1,342,055	1,436,668	3,038,372
Gross operating expenses	(2,494,227)	(2,103,418)	(626,747)	(543,928)	(1,450,955)
Share of profit/(loss) of equity accounted investee	<u>127,504</u>	<u>164,091</u>	<u>128,865</u>	<u>(9,906)</u>	<u>-</u>
Profit before income tax	2,309,879	2,633,914	844,173	882,834	1,587,417
Income tax expense	<u>(463,531)</u>	<u>(870,903)</u>	<u>12,164</u>	<u>(60,040)</u>	<u>(260,446)</u>
Profit for the year from continuing operations	1,846,348	1,763,011	856,337	822,794	1,326,971
Profit for the year from discontinued operations	-	-	561,652	-	-
Other comprehensive income for the period	<u>(1,334,824)</u>	<u>131,126</u>	<u>(97)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>511,524</u>	<u>1,894,137</u>	<u>1,417,892</u>	<u>822,794</u>	<u>1,326,971</u>
Earnings per share-basic (kobo)	<u>31</u>	<u>29</u>	<u>21</u>	<u>21</u>	<u>33</u>

Financial Summary - Company

	2014 =N=' 000	2013 =N=' 000	2012 =N=' 000	2011 =N=' 000	2010 =N=' 000
Gross earnings	2,236,593	4,358,092	400,086	778,209	765,490
Gross operating expenses	<u>(772,577)</u>	<u>(622,695)</u>	<u>(348,817)</u>	<u>(410,668)</u>	<u>(980,217)</u>
Profit before income tax	1,464,016	3,735,397	51,269	367,541	(214,727)
Income tax expense	<u>(138,315)</u>	<u>(469,682)</u>	<u>40,411</u>	<u>94,253</u>	<u>(9,765)</u>
Profit for the year from continuing operations	1,325,701	3,265,715	91,680	461,794	(224,492)
Other comprehensive income for the period	<u>(57,412)</u>	<u>11,041</u>	<u>(97)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>1,268,289</u>	<u>3,276,756</u>	<u>91,583</u>	<u>461,794</u>	<u>(224,492)</u>
Earnings per share-basic (kobo)	<u>22</u>	<u>54</u>	<u>2</u>	<u>12</u>	<u>(6)</u>